

1.1 **ARTICLE 1**1.2 **FEDERAL CONFORMITY**

1.3 Section 1. Minnesota Statutes 2020, section 289A.02, subdivision 7, is amended to read:

1.4 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
1.5 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
1.6 ~~31, 2018~~ March 15, 2022.

1.7 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
1.8 the changes incorporated by federal changes are effective retroactively at the same time the  
1.9 changes were effective for federal purposes.

1.10 Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7, is amended  
1.11 to read:

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

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

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

1.26 (d) The electing partner must not have any Minnesota source income other than the  
1.27 income from the partnership, other electing partnerships, and other qualifying entities  
1.28 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined  
1.29 that the electing partner has other Minnesota source income, the inclusion of the income  
1.30 and tax liability for that partner under this provision will not constitute a return to satisfy  
1.31 the requirements of subdivision 1. The tax paid for the individual as part of the composite  
1.32 return is allowed as a payment of the tax by the individual on the date on which the composite

2.1 return payment was made. If the electing nonresident partner has no other Minnesota source  
2.2 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

2.22 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
2.23 adjusted gross income from the partnership modified by the additions provided in section  
2.24 290.0131, subdivisions 8 to 10, 16, ~~and 17,~~ and 19, and the subtractions provided in: (1)  
2.25 section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or  
2.26 allocable to Minnesota under section 290.17; and (2) section 290.0132, ~~subdivision~~  
2.27 subdivisions 14 and 31. The subtraction allowed under section 290.0132, subdivision 9, is  
2.28 only allowed on the composite tax computation to the extent the electing partner would  
2.29 have been allowed the subtraction.

2.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.31 31, 2021.

3.1 Sec. 3. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 19, is amended  
3.2 to read:

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

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

3.12 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
3.13 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
3.14 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
3.15 except that:

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

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

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

3.25 (d) The net income of a real estate investment trust as defined and limited by section  
3.26 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
3.27 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

3.31 (f) The Internal Revenue Code of 1986, as amended through ~~December 31, 2018~~ March  
3.32 15, 2022, applies for taxable years beginning after December 31, 1996, ~~except the sections~~  
3.33 ~~of federal law in section 290.0111 shall also apply.~~

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

4.4 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
4.5 the changes incorporated by federal changes are effective retroactively at the same time the  
4.6 changes were effective for federal purposes.

4.7 Sec. 4. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 31, is amended  
4.8 to read:

4.9 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
4.10 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
4.11 ~~31, 2018, except the sections of federal law in section 290.0111 shall also apply~~ March 15,  
4.12 2022. Internal Revenue Code also includes any uncodified provision in federal law that  
4.13 relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

4.14 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
4.15 the changes incorporated by federal changes are effective retroactively at the same time the  
4.16 changes were effective for federal purposes.

4.17 Sec. 5. Minnesota Statutes 2020, section 290.0123, subdivision 3, is amended to read:

4.18 Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in  
4.19 sections 151 and 152 of the Internal Revenue Code, of another taxpayer for a taxable year  
4.20 beginning in the calendar year in which the individual's taxable year begins, the standard  
4.21 deduction for that individual is limited to the greater of:

4.22 (1) \$1,100; or

4.23 (2) the lesser of (i) the sum of \$350 and that individual's earned income, as defined in  
4.24 section 32(c) of the Internal Revenue Code, for the taxable year; or (ii) the standard deduction  
4.25 amount allowed under subdivision 1, clause (3).

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

5.1 Sec. 6. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision  
5.2 to read:

5.3 Subd. 19. **Meal expenses.** The amount of meal expenses in excess of the 50 percent  
5.4 limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection  
5.5 (n), paragraph (2), subparagraph (D), of that section is an addition.

5.6 **EFFECTIVE DATE.** This section is effective retroactively for amounts paid or incurred  
5.7 after December 31, 2020.

5.8 Sec. 7. Minnesota Statutes 2020, section 290.0132, subdivision 18, is amended to read:

5.9 Subd. 18. **Net operating losses.** (a) The amount of the net operating loss allowed under  
5.10 section 290.095, subdivision 11, paragraph (c), is a subtraction.

5.11 (b) The unused portion of a net operating loss carryover under section 290.095,  
5.12 subdivision 11, paragraph (d), is a subtraction. The subtraction is the lesser of:

5.13 (1) the amount carried into the taxable year minus any subtraction made under this  
5.14 section for prior taxable years; or

5.15 (2) 80 percent of Minnesota taxable net income in a single taxable year and determined  
5.16 without regard to this subtraction.

5.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
5.18 31, 2021.

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

5.21 Subd. 31. **Delayed business interest.** For each of the five taxable years beginning after  
5.22 December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment  
5.23 amount, to the extent not already deducted, for the exclusion under section 18, subdivision  
5.24 3, clause (10), due to the Coronavirus Aid, Relief and Economic Security Act, Public Law  
5.25 116-136, section 2306.

5.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
5.27 31, 2021.

6.1 Sec. 9. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision  
6.2 to read:

6.3 Subd. 15. **Meal expenses.** The amount of meal expenses in excess of the 50 percent  
6.4 limitation under section 274(n)(1) of the Internal Revenue Code allowed under section  
6.5 274(n)(2)(D) of the Internal Revenue Code is an addition.

6.6 **EFFECTIVE DATE.** This section is effective retroactively for amounts paid or incurred  
6.7 after December 31, 2020.

6.8 Sec. 10. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision  
6.9 to read:

6.10 Subd. 20. **Delayed business interest.** For each of the five taxable years beginning after  
6.11 December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment  
6.12 amount, to the extent not already deducted, for the exclusion under section 18, subdivision  
6.13 3, clause (10), due to the Coronavirus Aid, Relief and Economic Security Act, Public Law  
6.14 116-136, section 2306.

6.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.16 31, 2021.

6.17 Sec. 11. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended  
6.18 to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.25 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~  
7.26 17, and 19, and 290.0137, paragraph (a); and reduced by

7.27 (ii) the Minnesota assignable portion of the subtraction for United States government  
7.28 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,  
7.29 subdivisions 9, 10, 14, 15, 17, 18, ~~and 27~~, and 31, and 290.0137, paragraph (c), after applying  
7.30 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

8.1 (2) the denominator is the individual's federal adjusted gross income as defined in section  
8.2 62 of the Internal Revenue Code, increased by:

8.3 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~  
8.4 17, and 19, and 290.0137, paragraph (a); and reduced by

8.5 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and~~  
8.6 27, and 31, and 290.0137, paragraph (c).

8.7 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying  
8.8 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision  
8.9 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as  
8.10 provided in paragraph (e), and also must include, to the extent attributed to the electing  
8.11 qualifying entity:

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

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

8.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.17 31, 2021.

8.18 Sec. 12. Minnesota Statutes 2020, section 290.0671, subdivision 1a, is amended to read:

8.19 Subd. 1a. **Definitions.** For purposes of this section, the following terms "~~qualifying~~  
8.20 ~~child,~~" and "~~earned income,~~" have the meanings given ~~in section 32(e) of the Internal~~  
8.21 ~~Revenue Code, and the term "adjusted gross income" has the meaning given in section 62~~  
8.22 ~~of the Internal Revenue Code.:~~

8.23 "~~Earned income of the lesser earning spouse" has the meaning given in section 290.0675,~~  
8.24 ~~subdivision 1, paragraph (d).~~

8.25 (1) "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue  
8.26 Code;

8.27 (2) "earned income" means the taxpayer's earned income, as defined in section 32(c)(2)  
8.28 of the Internal Revenue Code, for the taxable year; and

8.29 (3) "earned income of the lesser earning spouse" has the meaning given in section  
8.30 290.0675, subdivision 1, paragraph (d).



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

9.3 Sec. 13. Minnesota Statutes 2020, section 290.0675, subdivision 1, is amended to read:

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

9.6 (b) "Earned income" means the sum of the following, to the extent included in Minnesota  
9.7 taxable income:

9.8 (1) the taxpayer's earned income, as defined in section 32(c)(2) of the Internal Revenue  
9.9 Code, for the taxable year;

9.10 (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity  
9.11 plan; and

9.12 (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

9.13 (c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

9.14 (d) "Earned income of lesser-earning spouse" means the earned income of the spouse  
9.15 with the lesser amount of earned income as defined in paragraph (b) for the taxable year  
9.16 minus one-half the amount of the standard deduction under section 290.0123, subdivision  
9.17 1, clause (1).

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

9.20 Sec. 14. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

9.25 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
9.26 55(b)(2) of the Internal Revenue Code;

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

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

9.30 (ii) the medical expense deduction;

- 10.1 (iii) the casualty, theft, and disaster loss deduction; and
- 10.2 (iv) the impairment-related work expenses of a person with a disability;
- 10.3 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue  
10.4 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),  
10.5 to the extent not included in federal alternative minimum taxable income, the excess of the  
10.6 deduction for depletion allowable under section 611 of the Internal Revenue Code for the  
10.7 taxable year over the adjusted basis of the property at the end of the taxable year (determined  
10.8 without regard to the depletion deduction for the taxable year);
- 10.9 (4) to the extent not included in federal alternative minimum taxable income, the amount  
10.10 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue  
10.11 Code determined without regard to subparagraph (E);
- 10.12 (5) to the extent not included in federal alternative minimum taxable income, the amount  
10.13 of interest income as provided by section 290.0131, subdivision 2;
- 10.14 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, ~~and 16,~~ and  
10.15 19;
- 10.16 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent  
10.17 not included in the addition required under clause (6); and
- 10.18 (8) to the extent not included in federal alternative minimum taxable income, the amount  
10.19 of foreign-derived intangible income deducted under section 250 of the Internal Revenue  
10.20 Code;
- 10.21 less the sum of the amounts determined under the following:
- 10.22 (i) interest income as defined in section 290.0132, subdivision 2;
- 10.23 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
10.24 3, to the extent included in federal alternative minimum taxable income;
- 10.25 (iii) the amount of investment interest paid or accrued within the taxable year on  
10.26 indebtedness to the extent that the amount does not exceed net investment income, as defined  
10.27 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted  
10.28 in computing federal adjusted gross income;
- 10.29 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by  
10.30 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, ~~and 26 to 29,~~ and 31;
- 10.31 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
10.32 ~~paragraph~~ paragraphs (c) and (d); and

11.1 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,  
11.2 subdivision 7.

11.3 In the case of an estate or trust, alternative minimum taxable income must be computed  
11.4 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum  
11.5 taxable income must be increased by the addition in section 290.0131, subdivision 16.

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

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

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

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

11.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.15 31, 2021.

11.16 Sec. 15. Minnesota Statutes 2020, section 290.095, subdivision 11, is amended to read:

11.17 Subd. 11. **Carryback or carryover adjustments.** (a) Except as provided in paragraph  
11.18 (c), for individuals, estates, and trusts the amount of a net operating loss that may be carried  
11.19 back or carried over shall be the same dollar amount allowable in the determination of  
11.20 federal taxable income, provided that, notwithstanding any other provision, estates and  
11.21 trusts must apply the following adjustments to the amount of the net operating loss that may  
11.22 be carried back or carried over:

11.23 (1) Nonassignable income or losses as required by section 290.17.

11.24 (2) Deductions not allocable to Minnesota under section 290.17.

11.25 (b) The net operating loss carryback or carryover applied as a deduction in the taxable  
11.26 year to which the net operating loss is carried back or carried over shall be equal to the net  
11.27 operating loss carryback or carryover applied in the taxable year in arriving at federal taxable  
11.28 income provided that trusts and estates must apply the following modifications:

11.29 (1) Increase the amount of carryback or carryover applied in the taxable year by the  
11.30 amount of losses and interest, taxes and other expenses not assignable or allowable to  
11.31 Minnesota incurred in the taxable year.

12.1 (2) Decrease the amount of carryback or carryover applied in the taxable year by the  
12.2 amount of income not assignable to Minnesota earned in the taxable year. For estates and  
12.3 trusts, the net operating loss carryback or carryover to the next consecutive taxable year  
12.4 shall be the net operating loss carryback or carryover as calculated in clause (b) less the  
12.5 amount applied in the earlier taxable year(s). No additional net operating loss carryback or  
12.6 carryover shall be allowed to estates and trusts if the entire amount has been used to offset  
12.7 Minnesota income in a year earlier than was possible on the federal return. However, if a  
12.8 net operating loss carryback or carryover was allowed to offset federal income in a year  
12.9 earlier than was possible on the Minnesota return, an estate or trust shall still be allowed to  
12.10 offset Minnesota income but only if the loss was assignable to Minnesota in the year the  
12.11 loss occurred.

12.12 (c) This paragraph does not apply to eligible small businesses that make a valid election  
12.13 to carry back their losses for federal purposes under section 172(b)(1)(H) of the Internal  
12.14 Revenue Code as amended through March 31, 2009.

12.15 (1) A net operating loss of an individual, estate, or trust that is allowed under this  
12.16 subdivision and for which the taxpayer elects to carry back for more than two years under  
12.17 section 172(b)(1)(H) of the Internal Revenue Code is a net operating loss carryback to each  
12.18 of the two taxable years preceding the loss, and unused portions may be carried forward for  
12.19 20 taxable years after the loss.

12.20 (2) The entire amount of the net operating loss for any taxable year must be carried to  
12.21 the earliest of the taxable years to which the loss may be carried. The portion of the loss  
12.22 which may be carried to each of the other taxable years is the excess, if any, of the amount  
12.23 of the loss over the greater of the taxable net income or alternative minimum taxable income  
12.24 for each of the taxable years to which the loss may be carried.

12.25 (d) For net operating loss carryovers or carrybacks arising in taxable years beginning  
12.26 after December 31, 2017, and before January 1, 2021, a net operating loss carryover or  
12.27 carryback is allowed as provided in the Internal Revenue Code as amended through December  
12.28 31, 2018, as follows:

12.29 (1) the entire amount of the net operating loss, to the extent not already deducted, must  
12.30 be carried to the earliest taxable year and any unused portion may be carried forward for  
12.31 20 taxable years after the loss; and

12.32 (2) the portion of the loss which may be carried to each of the other taxable years is the  
12.33 excess, if any, of the amount of the loss over the greater of the taxable net income or

13.1 alternative minimum taxable income for each of the taxable years to which the loss may be  
13.2 carried.

13.3 **EFFECTIVE DATE.** This section is effective retroactively for losses arising in taxable  
13.4 years beginning after December 31, 2017, and before January 1, 2021.

13.5 Sec. 16. Minnesota Statutes 2020, section 290A.03, subdivision 15, is amended to read:

13.6 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue  
13.7 Code of 1986, as amended through ~~December 31, 2018~~ March 15, 2022.

13.8 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property  
13.9 taxes payable in 2023 and rent paid in 2022 and thereafter.

13.10 Sec. 17. Minnesota Statutes 2020, section 291.005, subdivision 1, is amended to read:

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

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

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

13.20 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,  
13.21 as amended through ~~December 31, 2018~~ March 15, 2022.

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

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

13.28 (6) "Personal representative" means the executor, administrator or other person appointed  
13.29 by the court to administer and dispose of the property of the decedent. If there is no executor,  
13.30 administrator or other person appointed, qualified, and acting within this state, then any  
13.31 person in actual or constructive possession of any property having a situs in this state which

14.1 is included in the federal gross estate of the decedent shall be deemed to be a personal  
14.2 representative to the extent of the property and the Minnesota estate tax due with respect  
14.3 to the property.

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

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

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

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

14.13 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
14.14 Code, owned by a nonresident decedent and that is normally kept or located in this state  
14.15 because it is on loan to an organization, qualifying as exempt from taxation under section  
14.16 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
14.17 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

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

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

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

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

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

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

15.6 (v) an entity whose ownership interest securities are traded on an exchange regulated  
15.7 by the Securities and Exchange Commission as a national securities exchange under section  
15.8 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

15.9 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
15.10 the changes incorporated by federal changes are effective retroactively at the same time the  
15.11 changes were effective for federal purposes.

15.12 Sec. 18. **CATCHUP ADJUSTMENT.**

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

15.15 (b) For an individual, estate, or trust:

15.16 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,  
15.17 subdivision 1, and the rules in that subdivision apply for this section; and

15.18 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision  
15.19 1, and the rules in that subdivision apply for this section.

15.20 (c) For a corporation other than an S corporation:

15.21 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0134,  
15.22 subdivision 1, and the rules in that subdivision apply for this section; and

15.23 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0133, subdivision  
15.24 1, and the rules in that subdivision apply for this section.

15.25 (d) "Pass-through entity" means an entity that is not subject to the tax imposed under  
15.26 section 290.02, including but not limited to S corporations, partnerships, estates, and trusts  
15.27 other than grantor trusts.

15.28 (e) The definitions in Minnesota Statutes, section 290.01, apply for this section.

15.29 Subd. 2. **Limitation on retroactivity.** (a) Notwithstanding any law to the contrary and  
15.30 except as provided in paragraph (b), for a taxable year beginning before January 1, 2022,  
15.31 a taxpayer's liability for tax under Minnesota Statutes, chapters 289A and 290, must not

16.1 change as a result of this act's adoption of the Internal Revenue Code, as amended through  
16.2 March 15, 2022.

16.3 (b) For a taxable year beginning before January 1, 2022, a taxpayer's liability for tax is  
16.4 modified retroactively as a result of the following provisions of federal law:

16.5 (1) the Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
16.6 section 114, exclusion of gross income of discharge of qualified principal residence  
16.7 indebtedness;

16.8 (2) the Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
16.9 section 304(b), special rules for disaster-related personal casualty losses;

16.10 (3) the COVID-related Tax Relief Act of 2020, Public Law 116-260, section 278,  
16.11 paragraphs (a) and (d), clarification of tax treatment of certain loan forgiveness and other  
16.12 business financial assistance;

16.13 (4) the American Rescue Plan Act, Public Law 117-2, section 9672, tax treatment of  
16.14 targeted EIDL advances;

16.15 (5) the American Rescue Plan Act, Public Law 117-2, section 9673, tax treatment of  
16.16 restaurant revitalization grants; and

16.17 (6) the American Rescue Plan Act, Public Law 117-2, section 9675, modification of  
16.18 treatment of student loan forgiveness.

16.19 (c) Instead of filing an amended return reflecting the changes adopted retroactively in  
16.20 paragraph (b), a taxpayer may elect to report and claim the changes to net income due to  
16.21 paragraph (b) as part of the catchup adjustment required by subdivision 3. This election  
16.22 must be filed on a form determined or prescribed by the commissioner and must be filed  
16.23 on or before the due date or extended due date for the taxpayer's return.

16.24 Subd. 3. **Calculation of catchup adjustment.** (a) In the taxable year beginning after  
16.25 December 31, 2021, and before January 1, 2023, a taxpayer must include a catchup  
16.26 adjustment for the taxpayer's liability for tax under Minnesota Statutes, chapters 289A and  
16.27 290, as a result of this act's adoption of the Internal Revenue Code as amended through  
16.28 March 15, 2022.

16.29 (b) A taxpayer's catchup adjustment equals the difference between adjusted gross income,  
16.30 as defined under section 62 of the Internal Revenue Code for individuals, and federal taxable  
16.31 income as defined under section 63 of the Internal Revenue Code for all other taxpayers  
16.32 incorporating the Internal Revenue Code as amended through Laws 2021, First Special  
16.33 Session chapter 14, and the amount calculated under this chapter incorporating the Internal



17.1 Revenue Code as amended through March 15, 2022, but does not include impacts to state  
17.2 tax credits. The catchup adjustment is an addition or subtraction to net income but does not  
17.3 include the following federal law changes:

17.4 (1) Taxpayer Certainty and Disaster Tax Relief Act of 2019, Public Law 116-94, section  
17.5 104, deduction of qualified tuition and related expenses;

17.6 (2) Taxpayer Certainty and Disaster Tax Relief Act of 2019, Public Law 116-94, section  
17.7 203, employee retention credit for employers affected by qualified disasters;

17.8 (3) Families First Coronavirus Response Act, Public Law 116-127, section 7001, payroll  
17.9 credit for required paid sick leave;

17.10 (4) Families First Coronavirus Response Act, Public Law 116-127, section 7003, payroll  
17.11 credit for required paid family leave;

17.12 (5) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.13 2204, allowance of partial above the line deduction for charitable contributions;

17.14 (6) for individuals, Coronavirus Aid, Relief and Economic Security Act, Public Law  
17.15 116-136, section 2205(a), modification of limitations on charitable contributions during  
17.16 2020;

17.17 (7) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.18 2301, employee retention credit for employers subject to closure due to COVID-19;

17.19 (8) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.20 2303, modifications for net operating losses;

17.21 (9) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.22 2304, modification of limitation on losses for taxpayers other than corporations;

17.23 (10) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section  
17.24 2306, limitation on business interest;

17.25 (11) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
17.26 section 207, extension and modification of employee retention and rehiring credit;

17.27 (12) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
17.28 section 210, temporary allowance of full deduction for business meals;

17.29 (13) Taxpayer Certainty and Disaster Tax Relief Act of 2020, Public Law 116-260,  
17.30 section 303, employee retention credit for employers affected by qualified disasters;

18.1 (14) American Rescue Plan Act, Public Law 117-2, section 9501(b), preserving health  
18.2 benefits for workers;

18.3 (15) American Rescue Plan Act, Public Law 117-2, section 9631, refundability and  
18.4 enhancement of child and dependent care tax credit;

18.5 (16) American Rescue Plan Act, Public Law 117-2, section 9641, payroll sick and family  
18.6 leave credits;

18.7 (17) American Rescue Plan Act, Public Law 117-2, section 9651, extension of employee  
18.8 retention credit; and

18.9 (18) any changes that are adopted retroactively under subdivision 2, paragraph (b), except  
18.10 as provided in paragraph (c) of that subdivision.

18.11 Subd. 4. **Timing of adjustment for pass-through entities.** Partners, shareholders, or  
18.12 beneficiaries who file their returns on a calendar year basis, and who received an addition  
18.13 or subtraction from a pass-through entity filing their return on a fiscal year basis, must make  
18.14 the addition or subtraction under this section in the taxable year it is received as required  
18.15 for federal income tax purposes.

18.16 Subd. 5. **Catchup adjustment addition; individuals, estates, and trusts.** For an  
18.17 individual, estate, or trust, the amount of a catchup adjustment under subdivision 3 that  
18.18 increases net income for the taxable year is an addition.

18.19 Subd. 6. **Catchup adjustment subtraction; individuals, estates, and trusts.** For an  
18.20 individual, estate, or trust, the amount of a catchup adjustment under subdivision 3 that  
18.21 decreases net income for the taxable year is a subtraction.

18.22 Subd. 7. **Catchup adjustment addition; C corporations.** For a corporation other than  
18.23 an S corporation, the amount of a catchup adjustment under subdivision 3 that increases net  
18.24 income for the taxable year is an addition.

18.25 Subd. 8. **Catchup adjustment subtraction; individuals, estates, and trusts.** For a  
18.26 corporation other than an S corporation, the amount of a catchup adjustment under  
18.27 subdivision 3 that decreases net income for the taxable year is a subtraction.

18.28 Subd. 9. **Nonresident apportionment; alternative minimum tax.** (a) The commissioner  
18.29 of revenue must apply each of the subtractions and additions in this section when calculating  
18.30 the following amounts:

18.31 (1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph  
18.32 (e); and

19.1 (2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section  
 19.2 290.091.

19.3 (b) The commissioner of revenue must apply each of the subtractions and additions in  
 19.4 this section when calculating "income" as defined in Minnesota Statutes, section 289A.08.

19.5 **EFFECTIVE DATE.** (a) Subdivision 1 is effective the day following final enactment.

19.6 (b) Subdivision 2 is effective retroactively at the same time the changes incorporated  
 19.7 by federal changes were effective for federal purposes.

19.8 (c) Subdivisions 3 to 9 are effective for taxable years beginning after December 31,  
 19.9 2021, and before January 1, 2023, except for a pass-through entity covered by subdivision  
 19.10 3, subdivisions 1 to 7 are effective retroactively for the taxable years the addition or  
 19.11 subtraction is required in that subdivision.

19.12 (d) Subdivision 9 is effective retroactively for any taxable year in which a taxpayer had  
 19.13 an addition or a subtraction under this section.

19.14 **ARTICLE 2**

19.15 **INDIVIDUAL INCOME, CORPORATE FRANCHISE TAXES, AND ESTATE**  
 19.16 **TAXES**

19.17 Section 1. Minnesota Statutes 2020, section 13.4967, is amended by adding a subdivision  
 19.18 to read:

19.19 Subd. 9. **New markets tax credit.** Disclosure of information regarding issuance of new  
 19.20 market tax credit certificates is governed under section 270B.14, subdivision 2, paragraph  
 19.21 (a), clause (4).

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

19.23 Sec. 2. Minnesota Statutes 2020, section 41B.0391, subdivision 1, is amended to read:

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

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

19.28 (c) "Beginning farmer" means an individual, or a limited liability company owned by  
 19.29 an individual, who:

19.30 (1) is a resident of Minnesota;

- 20.1 (2) is seeking entry, or has entered within the last ten years, into farming;
- 20.2 (3) intends to farm land located within the state borders of Minnesota;
- 20.3 (4) is not and whose spouse is not a family member of the owner of the agricultural  
20.4 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;
- 20.5 (5) is not and whose spouse is not a family member of a partner, member, shareholder,  
20.6 or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to  
20.7 purchase or rent agricultural assets; and
- 20.8 (6) meets the following eligibility requirements as determined by the authority:
- 20.9 (i) has a net worth that does not exceed the limit provided under section 41B.03,  
20.10 subdivision 3, paragraph (a), clause (2);
- 20.11 (ii) provides the majority of the day-to-day physical labor and management of the farm;
- 20.12 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates  
20.13 knowledge in the type of farming for which the beginning farmer seeks assistance from the  
20.14 authority;
- 20.15 (iv) demonstrates to the authority a profit potential by submitting projected earnings  
20.16 statements;
- 20.17 (v) asserts to the satisfaction of the authority that farming will be a significant source  
20.18 of income for the beginning farmer;
- 20.19 (vi) is enrolled in or has completed within ten years of their first year of farming a  
20.20 financial management program approved by the authority or the commissioner of agriculture;
- 20.21 (vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility  
20.22 requirements within the three-year certification period, in which case the beginning farmer  
20.23 is no longer eligible for credits under this section; and
- 20.24 (viii) has other qualifications as specified by the authority.
- 20.25 The authority may waive the requirement in item (vi) if the participant requests a waiver  
20.26 and has a four-year degree in an agricultural program or related field, reasonable agricultural  
20.27 job-related experience, or certification as an adult farm management instructor.
- 20.28 (d) "Family member" means a family member within the meaning of the Internal Revenue  
20.29 Code, section 267(c)(4).

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

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

21.6 (g) "Limited liability company" means a family farm limited liability company, an  
 21.7 authorized farm limited liability company, or other limited liability company authorized to  
 21.8 engage in farming and own, acquire, or otherwise obtain an interest in agricultural land  
 21.9 under section 500.24.

21.10 ~~(g)~~ (h) "Owner of agricultural assets" means an individual, trust, or pass-through entity  
 21.11 that is the owner in fee of agricultural land or has legal title to any other agricultural asset.  
 21.12 Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined  
 21.13 in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of  
 21.14 selling agricultural assets for profit and that is not engaged in farming as its primary business  
 21.15 activity. An owner of agricultural assets approved and certified by the authority under  
 21.16 subdivision 4 must notify the authority if the owner no longer meets the definition in this  
 21.17 paragraph within the three year certification period and is then no longer eligible for credits  
 21.18 under this section.

21.19 ~~(h)~~ (i) "Resident" has the meaning given in section 290.01, subdivision 7.

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

21.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 21.25 31, 2021.

21.26 Sec. 3. Minnesota Statutes 2020, section 41B.0391, subdivision 2, is amended to read:

21.27 Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural  
 21.28 assets may take a credit against the tax due under chapter 290 for the sale or rental of  
 21.29 agricultural assets to a beginning farmer in the amount allocated by the authority under  
 21.30 subdivision 4. An owner of agricultural assets is eligible for allocation of a credit equal to:

21.31 (1) five percent of the lesser of the sale price or the fair market value of the agricultural  
 21.32 asset, up to a maximum of \$32,000;

22.1 (2) ten percent of the gross rental income in each of the first, second, and third years of  
22.2 a rental agreement, up to a maximum of \$7,000 per year; or

22.3 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,  
22.4 second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

22.5 (b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent  
22.6 agreement. The agricultural asset must be rented at prevailing community rates as determined  
22.7 by the authority.

22.8 (c) The credit may be claimed only after approval and certification by the authority, and  
22.9 is limited to the amount stated on the certificate issued under subdivision 4. An owner of  
22.10 agricultural assets must apply to the authority for certification and allocation of a credit, in  
22.11 a form and manner prescribed by the authority.

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

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

22.26 (f) Notwithstanding subdivision 1, paragraph (c), for purposes of the credit for the sale  
22.27 of an agricultural asset under paragraph (a), clause (1), the family member definitional  
22.28 exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply.

22.29 (g) For a qualifying sale to a family member to qualify for the credit under paragraph  
22.30 (a), clause (1), the sale price of the agricultural asset must equal or exceed the assessed  
22.31 value of the asset under chapter 273 as of the date of the sale. If there is no assessed value,  
22.32 the sale price must equal or exceed 80 percent of the fair market value of the asset as of the  
22.33 date of the sale.

23.1 (h) For the purposes of this section, "qualifying sale to a family member" means a sale  
23.2 to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a  
23.3 family member of:

23.4 (1) the owner of the agricultural asset; or

23.5 (2) a partner, member, shareholder, or trustee of the owner of the agricultural asset.

23.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
23.7 31, 2021.

23.8 Sec. 4. Minnesota Statutes 2020, section 41B.0391, subdivision 4, is amended to read:

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

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

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

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

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

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

23.23 For credits under subdivision 2, the notification must include the amount of credit approved  
23.24 by the authority and stated on the credit certificate.

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

23.29 (c) For credits for owners of agricultural assets allowed under subdivision 2, the authority  
23.30 must not allocate more than \$5,000,000 for taxable years beginning after December 31,  
23.31 2017, and before January 1, 2019, and must not allocate more than \$6,000,000 for taxable  
23.32 years beginning after December 31, 2018.

24.1 (d) The authority must allocate credits on a first-come, first-served basis beginning on  
24.2 January 1 of each year, except that recertifications for the second and third years of credits  
24.3 under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount  
24.4 authorized but not allocated in any taxable year does not cancel and is added to the allocation  
24.5 for the next taxable year.

24.6 (e) To encourage socially disadvantaged farmers and ranchers to apply for and receive  
24.7 credits under this section, the authority must promote the availability of this credit to socially  
24.8 disadvantaged farmers and ranchers, and must provide application assistance targeted to  
24.9 socially disadvantaged farmers and ranchers. For the purposes of this section, "socially  
24.10 disadvantaged farmer or rancher" has the meaning given in United States Code, title 7,  
24.11 section 2279(a)(5).

24.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
24.13 31, 2021.

24.14 Sec. 5. Minnesota Statutes 2020, section 41B.0391, subdivision 6, is amended to read:

24.15 Subd. 6. **Report to legislature.** (a) No later than February 1, ~~2022~~ 2023, the Rural  
24.16 Finance Authority, in consultation with the commissioner of revenue, must provide a report  
24.17 to the chairs and ranking minority members of the legislative committees having jurisdiction  
24.18 over agriculture, economic development, rural development, and taxes, in compliance with  
24.19 sections 3.195 and 3.197, on the beginning farmer tax credits under this section issued in  
24.20 tax years beginning after December 31, 2017, and before January 1, ~~2022~~ 2023.

24.21 (b) The report must include background information on beginning farmers in Minnesota  
24.22 and any other information the commissioner and authority find relevant to evaluating the  
24.23 effect of the credits on increasing opportunities for and the number of beginning farmers.

24.24 (c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report  
24.25 must include:

24.26 (1) the number and amount of credits issued under each clause;

24.27 (2) the geographic distribution of credits issued under each clause;

24.28 (3) the type of agricultural assets for which credits were issued under clause (1);

24.29 (4) the number and geographic distribution of beginning farmers whose purchase or  
24.30 rental of assets resulted in credits for the seller or owner of the asset;

24.31 (5) the number and amount of credits disallowed under subdivision 2, paragraph (d);



25.1 (6) data on the number of beginning farmers by geographic region in calendar years  
25.2 2017 through ~~2021~~ 2022, including:

25.3 (i) the number of beginning farmers by gender, race, and ethnicity, as those terms are  
25.4 applied in the 2020 United States Census; and

25.5 (ii) to the extent available, the number of beginning farmers who are members of a  
25.6 socially disadvantaged group, as defined in United States Code, title 7, section 2279(a)(6);  
25.7 and

25.8 (7) the number and amount of credit applications that exceeded the allocation available  
25.9 in each year.

25.10 (d) For credits issued under subdivision 3, the report must include:

25.11 (1) the number and amount of credits issued;

25.12 (2) the geographic distribution of credits;

25.13 (3) a listing and description of each approved financial management program for which  
25.14 credits were issued; and

25.15 (4) a description of the approval procedure for financial management programs not on  
25.16 the list maintained by the authority, as provided in subdivision 3, paragraph (a).

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

25.18 Sec. 6. Minnesota Statutes 2020, section 116J.401, subdivision 2, is amended to read:

25.19 Subd. 2. **Duties; authorizations; limitations.** (a) The commissioner of employment  
25.20 and economic development shall:

25.21 (1) provide regional development commissions, the Metropolitan Council, and units of  
25.22 local government with information, technical assistance, training, and advice on using  
25.23 federal and state programs;

25.24 (2) receive and administer the Small Cities Community Development Block Grant  
25.25 Program authorized by Congress under the Housing and Community Development Act of  
25.26 1974, as amended;

25.27 (3) receive and administer the section 107 technical assistance program grants authorized  
25.28 by Congress under the Housing and Community Development Act of 1974, as amended;

25.29 (4) receive, administer, and supervise other state and federal grants and grant programs  
25.30 for planning, community affairs, community development purposes, employment and

26.1 training services, and other state and federal programs assigned to the department by law  
26.2 or by the governor in accordance with section 4.07;

26.3 (5) receive applications for state and federal grants and grant programs for planning,  
26.4 community affairs, and community development purposes, and other state and federal  
26.5 programs assigned to the department by law or by the governor in accordance with section  
26.6 4.07;

26.7 (6) act as the agent of, and cooperate with, the federal government in matters of mutual  
26.8 concern, including the administration of any federal funds granted to the state to aid in the  
26.9 performance of functions of the commissioner;

26.10 (7) provide consistent, integrated employment and training services across the state;

26.11 (8) administer the Wagner-Peyser Act, the Workforce Investment Act, and other federal  
26.12 employment and training programs;

26.13 (9) establish the standards for all employment and training services administered under  
26.14 this chapter and chapters 116L, 248, 268, and 268A;

26.15 (10) administer the aspects of the Minnesota family investment program, general  
26.16 assistance, and the Supplemental Nutrition Assistance Program (SNAP) that relate to  
26.17 employment and training services, subject to the contract under section 116L.86, subdivision  
26.18 1;

26.19 (11) obtain reports from local service units and service providers for the purpose of  
26.20 evaluating the performance of employment and training services;

26.21 (12) as requested, certify employment and training services, and decertify services that  
26.22 fail to comply with performance criteria according to standards established by the  
26.23 commissioner;

26.24 (13) develop standards for the contents and structure of the local service unit plans and  
26.25 plans for Indian tribe employment and training services, review and comment on those  
26.26 plans, and approve or disapprove the plans;

26.27 (14) supervise the county boards of commissioners, local service units, and any other  
26.28 units of government designated in federal or state law as responsible for employment and  
26.29 training programs;

26.30 (15) establish administrative standards and payment conditions for providers of  
26.31 employment and training services;

27.1 (16) enter into agreements with Indian tribes as necessary to provide employment and  
27.2 training services as appropriate funds become available;

27.3 (17) cooperate with the federal government and its employment and training agencies  
27.4 in any reasonable manner as necessary to qualify for federal aid for employment and training  
27.5 services and money;

27.6 (18) administer and supervise all forms of unemployment insurance provided for under  
27.7 federal and state laws;

27.8 (19) provide current state and substate labor market information and forecasts, in  
27.9 cooperation with other agencies;

27.10 (20) require all general employment and training programs that receive state funds to  
27.11 make available information about opportunities for women in nontraditional careers in the  
27.12 trades and technical occupations;

27.13 (21) consult with the Rehabilitation Council for the Blind on matters pertaining to  
27.14 programs and services for the blind and visually impaired;

27.15 (22) enter into agreements with other departments of the state and local units of  
27.16 government as necessary;

27.17 (23) establish and maintain administrative units necessary to perform administrative  
27.18 functions common to all divisions of the department;

27.19 (24) investigate, study, and undertake ways and means of promoting and encouraging  
27.20 the prosperous development and protection of the legitimate interest and welfare of Minnesota  
27.21 business, industry, and commerce, within and outside the state;

27.22 (25) locate markets for manufacturers and processors and aid merchants in locating and  
27.23 contacting markets;

27.24 (26) as necessary or useful for the proper execution of the powers and duties of the  
27.25 commissioner in promoting and developing Minnesota business, industry, and commerce,  
27.26 both within and outside the state, investigate and study conditions affecting Minnesota  
27.27 business, industry, and commerce; collect and disseminate information; and engage in  
27.28 technical studies, scientific investigations, statistical research, and educational activities;

27.29 (27) plan and develop an effective business information service both for the direct  
27.30 assistance of business and industry of the state and for the encouragement of business and  
27.31 industry outside the state to use economic facilities within the state;

28.1 (28) compile, collect, and develop periodically, or otherwise make available, information  
28.2 relating to current business conditions;

28.3 (29) conduct or encourage research designed to further new and more extensive uses of  
28.4 the natural and other resources of the state and designed to develop new products and  
28.5 industrial processes;

28.6 (30) study trends and developments in the industries of the state and analyze the reasons  
28.7 underlying the trends;

28.8 (31) study costs and other factors affecting successful operation of businesses within  
28.9 the state;

28.10 (32) make recommendations regarding circumstances promoting or hampering business  
28.11 and industrial development;

28.12 (33) serve as a clearing house for business and industrial problems of the state;

28.13 (34) advise small business enterprises regarding improved methods of accounting and  
28.14 bookkeeping;

28.15 (35) cooperate with interstate commissions engaged in formulating and promoting the  
28.16 adoption of interstate compacts and agreements helpful to business, industry, and commerce;

28.17 (36) cooperate with other state departments and with boards, commissions, and other  
28.18 state agencies in the preparation and coordination of plans and policies for the development  
28.19 of the state and for the use and conservation of its resources insofar as the use, conservation,  
28.20 and development may be appropriately directed or influenced by a state agency;

28.21 (37) in connection with state, county, and municipal public works projects, assemble  
28.22 and coordinate information relative to the status, scope, cost, and employment possibilities  
28.23 and availability of materials, equipment, and labor, and recommend limitations on the public  
28.24 works;

28.25 (38) gather current progress information with reference to public and private works  
28.26 projects of the state and its political subdivisions with reference to conditions of employment;

28.27 (39) inquire into and report to the governor, when requested by the governor, with respect  
28.28 to any program of public state improvements and its financing; and request and obtain  
28.29 information from other state departments or agencies as may be needed for the report;

28.30 (40) study changes in population and current trends and prepare plans and suggest policies  
28.31 for the development and conservation of the resources of the state;

29.1 (41) confer and cooperate with the executive, legislative, or planning authorities of the  
29.2 United States, neighboring states and provinces, and the counties and municipalities of  
29.3 neighboring states, for the purpose of bringing about a coordination between the development  
29.4 of neighboring provinces, states, counties, and municipalities and the development of this  
29.5 state;

29.6 (42) generally gather, compile, and make available statistical information relating to  
29.7 business, trade, commerce, industry, transportation, communication, natural resources, and  
29.8 other like subjects in this state, with authority to call upon other state departments for  
29.9 statistical data and results obtained by them and to arrange and compile that statistical  
29.10 information in a reasonable manner;

29.11 (43) publish documents and annually convene regional meetings to inform businesses,  
29.12 local government units, assistance providers, and other interested persons of changes in  
29.13 state and federal law related to economic development;

29.14 (44) annually convene conferences of providers of economic development-related  
29.15 financial and technical assistance for the purposes of exchanging information on economic  
29.16 development assistance, coordinating economic development activities, and formulating  
29.17 economic development strategies;

29.18 (45) provide business with information on the economic benefits of energy conservation  
29.19 and on the availability of energy conservation assistance;

29.20 (46) as part of the biennial budget process, prepare performance measures for each  
29.21 business loan or grant program within the jurisdiction of the commissioner. Measures include  
29.22 source of funds for each program, number of jobs proposed or promised at the time of  
29.23 application and the number of jobs created, estimated number of jobs retained, the average  
29.24 salary and benefits for the jobs resulting from the program, and the number of projects  
29.25 approved;

29.26 (47) provide a continuous program of education for business people;

29.27 (48) publish, disseminate, and distribute information and statistics;

29.28 (49) promote and encourage the expansion and development of markets for Minnesota  
29.29 products;

29.30 (50) promote and encourage the location and development of new businesses in the state  
29.31 as well as the maintenance and expansion of existing businesses and for that purpose  
29.32 cooperate with state and local agencies and individuals, both within and outside the state;

30.1 (51) advertise and disseminate information as to natural resources, desirable locations,  
30.2 and other advantages for the purpose of attracting businesses to locate in this state;

30.3 (52) aid the various communities in this state in attracting business to their communities;

30.4 (53) advise and cooperate with municipal, county, regional, and other planning agencies  
30.5 and planning groups within the state for the purpose of promoting coordination between  
30.6 the state and localities as to plans and development in order to maintain a high level of  
30.7 gainful employment in private profitable production and achieve commensurate advancement  
30.8 in social and cultural welfare;

30.9 (54) coordinate the activities of statewide and local planning agencies, correlate  
30.10 information secured from them and from state departments and disseminate information  
30.11 and suggestions to the planning agencies;

30.12 (55) encourage and assist in the organization and functioning of local planning agencies  
30.13 where none exist; ~~and~~

30.14 (56) adopt measures calculated to promote public interest in and understanding of the  
30.15 problems of planning and, to that end, may publish and distribute copies of any plan or any  
30.16 report and may employ other means of publicity and education that will give full effect to  
30.17 the provisions of sections 116J.60 to 116J.63; and

30.18 (57) the commissioner may release to the Department of Revenue data on individuals  
30.19 to the extent required to administer the new markets tax credit under chapter 116X and  
30.20 sections 290.0693 and 297L.20, subdivision 6.

30.21 (b) At the request of any governmental subdivision in paragraph (a), clause (53), the  
30.22 commissioner may provide planning assistance, which includes but is not limited to surveys,  
30.23 land use studies, urban renewal plans, technical services and other planning work to any  
30.24 city or other municipality in the state or perform similar planning work in any county or  
30.25 metropolitan or regional area in the state. The commissioner must not perform the planning  
30.26 work with respect to a metropolitan or regional area which is under the jurisdiction for  
30.27 planning purposes of a county, metropolitan, regional, or joint planning body, except at the  
30.28 request or with the consent of the respective county, metropolitan, regional, or joint planning  
30.29 body.

30.30 (c) The commissioner is authorized to:

30.31 (1) receive and expend money from municipal, county, regional, and other planning  
30.32 agencies;

31.1 (2) accept and disburse grants and other aids for planning purposes from the federal  
31.2 government and from other public or private sources;

31.3 (3) utilize money received under clause (2) for the employment of consultants and other  
31.4 temporary personnel to assist in the supervision or performance of planning work supported  
31.5 by money other than state-appropriated money;

31.6 (4) enter into contracts with agencies of the federal government, units of local government  
31.7 or combinations thereof, and with private persons that are necessary in the performance of  
31.8 the planning assistance function of the commissioner; and

31.9 (5) assist any local government unit in filling out application forms for the federal  
31.10 grants-in-aid.

31.11 (d) In furtherance of its planning functions, any city or town, however organized, may  
31.12 expend money and contract with agencies of the federal government, appropriate departments  
31.13 of state government, other local units of government, and with private persons.

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

31.15 Sec. 7. Minnesota Statutes 2021 Supplement, section 116J.8737, subdivision 5, is amended  
31.16 to read:

31.17 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit  
31.18 equal to 25 percent of the qualified investment in a qualified small business. Investments  
31.19 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The  
31.20 commissioner must not allocate to qualified investors or qualified funds more than the dollar  
31.21 amount in credits allowed for the taxable years listed in paragraph (i). For each taxable year,  
31.22 50 percent must be allocated to credits for qualified investments in qualified greater  
31.23 Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified  
31.24 small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for  
31.25 qualified investments in greater Minnesota businesses and minority-owned, women-owned,  
31.26 or veteran-owned qualified small businesses in Minnesota that is not allocated by September  
31.27 30 of the taxable year is available for allocation to other credit applications beginning on  
31.28 October 1. Any portion of a taxable year's credits that is not allocated by the commissioner  
31.29 does not cancel and may be carried forward to subsequent taxable years until all credits  
31.30 have been allocated.

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

32.1 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
32.2 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
32.3 over all taxable years for qualified investments in any one qualified small business.

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

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

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

32.11 A member of the family of an individual disqualified by this paragraph is not eligible for a  
32.12 credit under this section. For a married couple filing a joint return, the limitations in this  
32.13 paragraph apply collectively to the investor and spouse. For purposes of determining the  
32.14 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
32.15 267(e) of the Internal Revenue Code apply.

32.16 (d) Applications for tax credits must be made available on the department's website by  
32.17 November 1 of the preceding year.

32.18 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
32.19 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
32.20 tax credit request applications are filed with the department. The commissioner must approve  
32.21 or reject tax credit request applications within 15 days of receiving the application. The  
32.22 investment specified in the application must be made within 60 days of the allocation of  
32.23 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
32.24 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
32.25 specified in the application, within 60 days of allocation of the credits, must notify the  
32.26 commissioner of the failure to invest within five business days of the expiration of the  
32.27 60-day investment period.

32.28 (f) All tax credit request applications filed with the department on the same day must  
32.29 be treated as having been filed contemporaneously. If two or more qualified investors or  
32.30 qualified funds file tax credit request applications on the same day, and the aggregate amount  
32.31 of credit allocation claims exceeds the aggregate limit of credits under this section or the  
32.32 lesser amount of credits that remain unallocated on that day, then the credits must be allocated  
32.33 among the qualified investors or qualified funds who filed on that day on a pro rata basis  
32.34 with respect to the amounts claimed. The pro rata allocation for any one qualified investor



33.1 or qualified fund is the product obtained by multiplying a fraction, the numerator of which  
33.2 is the amount of the credit allocation claim filed on behalf of a qualified investor and the  
33.3 denominator of which is the total of all credit allocation claims filed on behalf of all  
33.4 applicants on that day, by the amount of credits that remain unallocated on that day for the  
33.5 taxable year.

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

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

33.21 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
33.22 of the three-year period;

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

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

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

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

33.29 (i) The credit allowed under this subdivision is effective as follows:

33.30 (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before January  
33.31 1, 2022; and

33.32 (2) ~~\$5,000,000~~ \$12,000,000 for taxable years beginning after December 31, 2021, and  
33.33 before January 1, 2023.

34.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
34.2 after December 31, 2021.

34.3 Sec. 8. Minnesota Statutes 2021 Supplement, section 116U.27, subdivision 1, is amended  
34.4 to read:

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

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

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

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

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

34.13 (f) "Eligible production costs" means eligible production costs as defined in section  
34.14 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to  
34.15 the production of a film project in Minnesota.

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

34.17 (h) "Project" means a film:

34.18 (1) that includes the promotion of Minnesota;

34.19 (2) for which the taxpayer has expended at least \$1,000,000 in ~~the taxable year~~ a  
34.20 consecutive twelve-month period beginning when expenditures are first paid in Minnesota  
34.21 for eligible production costs; and

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

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

34.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
34.28 after December 31, 2021.

35.1 **Sec. 9. [116X.01] NEW MARKETS TAX CREDIT.**

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

35.4 (b) "Applicable percentage" means zero percent for each of the first two credit allowance  
35.5 dates and ten percent for each of the final five credit allowance dates.

35.6 (c) "CDFI fund" means the Community Development Financial Institutions fund of the  
35.7 United States Department of the Treasury.

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

35.9 (e) "Credit allowance date" means:

35.10 (1) the date on which a qualified equity investment is initially made; and

35.11 (2) each of the six anniversary dates thereafter.

35.12 (f) "Greater Minnesota aggregate credit amount" means \$30,000,000 of credits allowed  
35.13 to all certified qualified equity investments in greater Minnesota counties.

35.14 (g) "Greater Minnesota allocation" means \$60,000,000 in qualified equity investment  
35.15 authority to be awarded for investment in qualified active low-income community businesses  
35.16 with principal business operations in a greater Minnesota county.

35.17 (h) "Greater Minnesota county" means any county located in Minnesota that is not a  
35.18 metropolitan county.

35.19 (i) "Metropolitan aggregate credit amount" means \$30,000,000 of credits allowed to all  
35.20 certified qualified equity investments in metropolitan counties.

35.21 (j) "Metropolitan allocation" means \$60,000,000 in qualified equity investment authority  
35.22 to be awarded for investment in qualified active low-income community businesses with  
35.23 principal business operations in a metropolitan county.

35.24 (k) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

35.25 (l) "Minnesota qualified community development entity" means a qualified community  
35.26 development entity that is or whose controlling entity is headquartered in this state.

35.27 (m) "Internal Revenue Code" has the meaning given in section 290.01, subdivision 31.

35.28 (n) "Principal business operations" means the physical location of a business where at  
35.29 least 60 percent of a qualified active low-income community business' employees work.  
35.30 An out-of-state business that has agreed to relocate employees or a Minnesota business that  
35.31 has agreed to hire employees using the proceeds of a qualified low-income community

36.1 investment to establish principal business operations in Minnesota is deemed to have principal  
36.2 business operations in Minnesota if the business satisfies the requirements of this paragraph  
36.3 within 180 days of receiving the qualified low-income community investment or another  
36.4 date as agreed by the business and the commissioner.

36.5 (o) "Purchase price" means the amount paid to the qualified community development  
36.6 entity for a qualified equity investment.

36.7 (p) "Qualified active low-income community business" has the meaning given in section  
36.8 45D of the Internal Revenue Code, except that any business that derives or projects to derive  
36.9 15 percent or more of its annual revenue from the rental or sale of real estate is not considered  
36.10 to be a qualified active low-income community business. This exception does not apply to  
36.11 a business that is controlled by or under common control with another business if the second  
36.12 business:

36.13 (1) does not derive or project to derive 15 percent or more of its annual revenue from  
36.14 the rental or sale of real estate; and

36.15 (2) is the primary tenant of the real estate leased from the initial business.

36.16 A business is deemed a qualified active low-income community business for the duration  
36.17 of a qualified low-income community investment if the qualified community development  
36.18 entity reasonably expects, at the time it makes the qualified low-income community  
36.19 investment, that the business will continue to satisfy the requirements for being a qualified  
36.20 active low-income community business throughout the entire period of the qualified  
36.21 low-income community investment.

36.22 (q) "Qualified community development entity" has the meaning given in section 45D  
36.23 of the Internal Revenue Code, provided that the entity:

36.24 (1) has previously entered into an allocation agreement with the CDFI fund with respect  
36.25 to credits authorized by section 45D of the Internal Revenue Code; and

36.26 (2) includes the state within the service area set forth in the allocation agreement.

36.27 (r) "Qualified equity investment" means an equity investment in a qualified community  
36.28 development entity, if the equity investment:

36.29 (1) is acquired after the effective date of this section at its original issuance solely in  
36.30 exchange for cash;

36.31 (2) has at least 100 percent of its cash purchase price used by the qualified community  
36.32 development entity to make qualified low-income community investments in qualified

37.1 active low-income community businesses that have their principal business operations in  
37.2 the state of Minnesota; and

37.3 (3) is:

37.4 (i) designated by the qualified community development entity as a qualified equity  
37.5 investment under this section; and

37.6 (ii) except for a Minnesota qualified community development entity, is at least 50 percent  
37.7 designated by the qualified community development entity as a qualified equity investment  
37.8 under section 45D of the Internal Revenue Code.

37.9 An investment that does not qualify under clause (1) is a qualified equity investment if the  
37.10 investment met the requirements of this paragraph while under possession of a prior holder.

37.11 (s) "Qualified low-income community investment" means any capital or equity investment  
37.12 in, or loan to, any qualified active low-income community business.

37.13 (t) "Tax credit" or "credit" means a credit against the tax imposed by chapter 290 or  
37.14 297I.

37.15 (u) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer  
37.16 as defined in section 297I.01, subdivision 16.

37.17 Subd. 2. **Credit allowed; qualification; limitation.** (a) An entity is eligible for a credit  
37.18 against the tax imposed under chapter 290 or 297I, subject to the requirements of this  
37.19 subdivision. The credit may be claimed against the tax imposed by chapter 290 or 297I, but  
37.20 not both.

37.21 (b) The credit equals the applicable percentage for each credit allowance date multiplied  
37.22 by the purchase price paid to the qualified community development entity for the qualified  
37.23 equity investment.

37.24 Subd. 3. **Application.** (a) A qualified community development entity that seeks to have  
37.25 an equity investment designated as a qualified equity investment and eligible for the credit  
37.26 under this section shall apply to the commissioner on a form provided by the commissioner  
37.27 that includes:

37.28 (1) the name, address, and tax identification number of the applicant, and evidence of  
37.29 the applicant's certification as a qualified community development entity by the CDFI fund;

37.30 (2) a copy of the allocation agreement executed by the applicant or its controlling entity,  
37.31 and the CDFI fund;

38.1 (3) a certificate executed by an executive officer of the applicant attesting that the  
38.2 allocation agreement remains in effect and has not been revoked or canceled by the CDFI  
38.3 fund;

38.4 (4) a description of the proposed amount, structure, and purchaser of the equity  
38.5 investment;

38.6 (5) the amount of qualified equity investment authority sought under the greater  
38.7 Minnesota allocation or the metropolitan allocation, as applicable, which collectively may  
38.8 not exceed the applicant or its controlling entity's available qualified equity investment  
38.9 authority under section 45D of the Internal Revenue Code multiplied by two, provided this  
38.10 limitation does not apply to a Minnesota qualified community development entity;

38.11 (6) if required by clause (5), evidence of the applicant or its controlling entity's available  
38.12 qualified equity investment authority under section 45D of the Internal Revenue Code; and

38.13 (7) a nonrefundable application fee of \$5,000 paid to the commissioner to offset costs  
38.14 associated with personnel and administrative expenses related to administering the credit.

38.15 (b) The commissioner shall set a date to accept applications not less than 30 days but  
38.16 not more than 45 days after the CDFI fund announces allocation awards under a notice of  
38.17 funding availability that was published in the Federal Register in November 2021.

38.18 (c) A qualified community development entity may apply for both a greater Minnesota  
38.19 allocation and a metropolitan allocation.

38.20 **Subd. 4. Certification and timing of qualified equity investments.** (a) Within 30 days  
38.21 after receipt of an application, the commissioner shall grant or deny the application in full  
38.22 or in part. If the commissioner denies any part of the application, the commissioner shall  
38.23 inform the applicant of the grounds for the denial. If the applicant provides the information  
38.24 required by the commissioner or otherwise completes its application within 15 days of the  
38.25 notice of denial, the application is deemed complete as of the original date of submission.  
38.26 If the applicant fails to provide the requested information or complete its application within  
38.27 the 15-day period, the applicant must submit a new application.

38.28 (b) If the application is deemed complete, the commissioner shall certify the proposed  
38.29 equity investment as a qualified equity investment eligible for a credit under this section.  
38.30 The commissioner shall provide written notice of the certification to the qualified community  
38.31 development entity. Once the qualified community development entity identifies the  
38.32 taxpayers who are allocated credits and their respective credit amounts, the qualified  
38.33 community development entity shall provide a notice of allocation to the commissioner.

39.1 The commissioner shall provide a certification to the qualified community development  
39.2 entity and each taxpayer containing the credit amount and utilization schedule for which  
39.3 the taxpayer is eligible. If the taxpayer is eligible to utilize the credits change due to a transfer  
39.4 of a qualified equity investment or a change in allocation pursuant to paragraph (c), the  
39.5 qualified community development entity shall notify the commissioner of the change.

39.6 (c) The commissioner shall certify applications for the greater Minnesota allocation and  
39.7 the metropolitan allocation in proportionate percentages based upon the ratio of the amount  
39.8 of qualified equity investments requested in applications for each allocation to the total  
39.9 amount of qualified equity investments requested in all applications for each allocation  
39.10 received on the same day.

39.11 (d) If a pending request cannot be fully certified, the commissioner shall certify the  
39.12 portion that may be certified unless the qualified community development entity elects to  
39.13 withdraw its request rather than receive a partial award of qualified equity investment  
39.14 authority.

39.15 (e) A qualified community development entity must make its qualified equity investment  
39.16 by January 1, 2025.

39.17 (f) An approved applicant may transfer all or a portion of its certified qualified equity  
39.18 investment authority to its controlling entity or any affiliate or partner of the controlling  
39.19 entity that is also a qualified community development entity if the applicant provides the  
39.20 information required in the application with respect to the transferee and the applicant  
39.21 notifies the commissioner in the notice required by paragraph (g). Within 30 days after  
39.22 receiving notice of certification under paragraph (b), the applicant or transferee shall:

39.23 (1) issue qualified equity investments in an amount equal to the total amount of certified  
39.24 qualified equity investment authority;

39.25 (2) receive cash in the amount of the certified qualified equity investment; and

39.26 (3) if the applicant or transferee is not a Minnesota qualified community development  
39.27 entity, designate 50 percent of the qualified equity investment authority as a qualified equity  
39.28 investment under section 45D of the Internal Revenue Code.

39.29 The entity to which the certified qualified equity investment authority is transferred is  
39.30 responsible for any assessment resulting from an audit by the commissioner of revenue.

39.31 (g) The qualified community development entity must provide the commissioner with  
39.32 evidence of the receipt of the cash investment and, if the qualified community development  
39.33 entity is not a Minnesota qualified community development entity, the designation of 50

40.1 percent of the qualified equity investment as a qualified equity investment under section  
40.2 45D of the Internal Revenue Code within 35 days after receiving notice of certification. If  
40.3 the qualified community development entity does not receive the cash investment, issue the  
40.4 qualified equity investment within 30 days following receipt of the certification notice, and  
40.5 comply with paragraph (f), clause (3), if applicable, the certification is void. A voided  
40.6 certification must be returned to the commissioner and must first be awarded pro rata to  
40.7 applicants that received awards of qualified equity investment authority and complied with  
40.8 paragraph (f).

40.9 (h) The commissioner shall notify the commissioner of revenue of credits approved  
40.10 under this subdivision within 15 days of granting an application.

40.11 Subd. 5. **Credit recapture.** (a) The commissioner of revenue must recapture credits  
40.12 should it determine, or the commissioner determines, any of the following:

40.13 (1) any amount of the federal tax credit available with respect to a qualified equity  
40.14 investment that is eligible for a credit under this section is recaptured under section 45D of  
40.15 the Internal Revenue Code;

40.16 (2) the qualified community development entity redeems or makes principal repayment  
40.17 with respect to a qualified equity investment prior to seven years after the date of issuance  
40.18 of the qualified equity investment; or

40.19 (3) the qualified community development entity fails to invest at least 100 percent of  
40.20 the cash purchase price of the qualified equity investment in qualified low-income community  
40.21 investments in greater Minnesota counties or metropolitan counties, as applicable, within  
40.22 12 months of the issuance of the qualified equity investment and maintains the investment  
40.23 in qualified low-income community investments in greater Minnesota counties or  
40.24 metropolitan counties, as applicable, until the last credit allowance date for the qualified  
40.25 equity investment.

40.26 Upon verification of the event indicated in the notification, the commissioner must notify  
40.27 the entity otherwise eligible for the credit allowed under this section and issue an assessment  
40.28 for overpayment under the provisions of section 289A.37, subdivision 2, and notify the  
40.29 entity of ineligibility for future credits with respect to the qualified equity investment.

40.30 The recapture under clause (1) must be proportionate to the federal recapture with respect  
40.31 to the qualified equity investment. The recapture under clause (2) must be proportionate to  
40.32 the amount of the redemption or repayment with respect to the qualified equity investment.

40.33 The recapture under clause (3) must be proportionate to the amount of qualified equity  
40.34 investment that was failed to be invested or maintained.



41.1 (b) For purposes of paragraph (a), clause (3), an investment is considered maintained  
41.2 by a qualified community development entity even if the investment has been sold or repaid,  
41.3 provided that the qualified community development entity reinvests an amount equal to the  
41.4 capital returned to or recovered by the qualified community development entity from the  
41.5 original investment, exclusive of any profits realized, in another qualified low-income  
41.6 community investment in this state as required under the greater Minnesota allocation or  
41.7 metropolitan allocation within 12 months after the receipt of that capital. Periodic loan  
41.8 repayments received by a qualified community development entity from a qualified active  
41.9 low-income community business within a calendar year must be treated as maintained in  
41.10 qualified low-income community investments if a qualified community development entity  
41.11 reinvests the repayments in qualified low-income community investments by the end of the  
41.12 following calendar year.

41.13 (c) A qualified community development entity is not required to reinvest capital returned  
41.14 from qualified low-income community investments after the sixth anniversary of the issuance  
41.15 of the qualified equity investment, the proceeds of which were used to make the qualified  
41.16 low-income community investment, and the qualified low-income community investment  
41.17 is considered held by the qualified community development entity through the seventh  
41.18 anniversary of the qualified equity investment's issuance.

41.19 (d) With respect to any one qualified active low-income community business, the  
41.20 maximum amount of qualified low-income community investments made in that business  
41.21 in aggregate with all of its affiliates that may be counted toward the satisfaction of paragraph  
41.22 (a), clause (3), is \$10,000,000, whether made by one or several qualified community  
41.23 development entities but exclusive of redeemed or repaid qualified low-income community  
41.24 investment by the qualified active low-income community business.

41.25 (e) The commissioner shall provide notice to the qualified community development  
41.26 entity of any proposed recapture of credits pursuant to this subdivision. The notice must  
41.27 specify the conditions under which the deficiency resulting in the proposed recapture occurred  
41.28 and state that the credits will be recaptured within 90 days unless the qualified community  
41.29 development entity complies with the conditions identified in the notice. If the entity does  
41.30 not comply with the conditions identified in the notice within the 90-day period, the  
41.31 commissioner shall provide the entity and the taxpayer from whom the credit is to be  
41.32 recaptured with a final order of recapture. Any credit for which a final recapture order has  
41.33 been issued must be recaptured by the commissioner from the taxpayer who claimed the  
41.34 credit on a tax return. The qualified equity investment authority of the recaptured credits  
41.35 must be returned to the commissioner and must first be awarded pro rata to applicants that

42.1 have received awards of qualified equity investment authority and complied with this  
42.2 subdivision.

42.3 (f) If credits are recaptured under this section, any remaining credit is forfeited.

42.4 Subd. 6. **Examination.** The commissioner may conduct examinations to verify that the  
42.5 credits under this section have been received and applied according to the requirements of  
42.6 this section and to verify that no event has occurred that would result in a recapture of credits  
42.7 under subdivision 5.

42.8 Subd. 7. **Annual reporting by community development entities.** (a) Each qualified  
42.9 community development entity shall submit an annual report to the commissioner within  
42.10 120 days after the beginning of each calendar year during the compliance period. No annual  
42.11 report is due prior to the first anniversary of the initial credit allowance date. The report  
42.12 must include but is not limited to information with respect to all qualified low-income  
42.13 community investments made by the qualified community development entity, including:

42.14 (1) the date and amount of, and bank statements or wire transfer reports documenting,  
42.15 qualified low-income community investments;

42.16 (2) the name and address of each qualified active low-income community business  
42.17 funded by the qualified community development entity, the number of persons employed  
42.18 by the business at the time of the initial qualified low-income community investment, and  
42.19 a brief description of the business and its financing;

42.20 (3) the number of employment positions maintained by each qualified active low-income  
42.21 community business as of the date of the report or the end of the preceding calendar year  
42.22 and the average annual salaries of those positions;

42.23 (4) the total number of employment positions created and retained as a result of qualified  
42.24 low-income community investments and the average annual salaries of those positions;

42.25 (5) a certification by its chief executive officer or similar officer that no credits have  
42.26 been subject to recapture under subdivision 5; and

42.27 (6) any changes with respect to the taxpayers entitled to claim credits with respect to  
42.28 qualified equity investments issued by the qualified community development entity since  
42.29 its last report pursuant to this section.

42.30 (b) The qualified community development entity is not required to provide the annual  
42.31 report set forth in this section for qualified low-income community investments that have  
42.32 been redeemed or repaid.

43.1 Subd. 8. **Program report.** If the credit under this section has not been reviewed under  
43.2 the provisions of section 3.8855 by December 15, 2031, the commissioner, with input from  
43.3 the commissioner of revenue, shall report to the legislature no later than December 31, 2031,  
43.4 regarding the implementation of the credit under this section, including an evaluation of  
43.5 the credit using the components listed in section 3.885, subdivision 5.

43.6 Subd. 9. **Expiration.** This section expires for taxable years beginning after December  
43.7 31, 2030, except that the commissioner's authority to allow the credit under subdivision 2  
43.8 based on certificates that were issued under subdivision 4 before expiration remains in effect  
43.9 through the year following the year in which all certificates have either been canceled or  
43.10 resulted in issuance of credit certificates, or 2033, whichever is earlier.

43.11 Subd. 10. **Account created; appropriation.** The Minnesota new markets tax credit  
43.12 account is created in the special revenue fund in the state treasury. The account is  
43.13 administered by the commissioner. Application fees required under subdivision 3, paragraph  
43.14 (a), clause (7), are appropriated to the commissioner for costs associated with certifying  
43.15 applications and for personnel and administrative expenses related to administering the  
43.16 credit under this section.

43.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
43.18 31, 2022, and expires on the date provided under section 45D of the Internal Revenue Code.

43.19 Sec. 10. Minnesota Statutes 2020, section 270B.14, subdivision 2, is amended to read:

43.20 **Subd. 2. Disclosure to Department of Employment and Economic Development.** (a)  
43.21 Data relating to individuals are treated as follows:

43.22 (1) Return information may be disclosed to the Department of Employment and Economic  
43.23 Development to the extent provided in clause (2) and for the purposes provided in clause  
43.24 (3).

43.25 (2) The data that may be disclosed is limited to the amount of gross income earned by  
43.26 an individual, the total amounts of earnings from each employer, and the employer's name.

43.27 (3) Data may be requested pertaining only to individuals who have claimed benefits  
43.28 under sections 268.03 to 268.23 and only if the individuals are the subject of investigations  
43.29 based on other information available to the Department of Employment and Economic  
43.30 Development. Data received may be used only as set forth in section 268.19, subdivision  
43.31 1, paragraph (b).

44.1 (4) Notwithstanding the limitation in paragraph (a), the commissioner may disclose  
 44.2 return information to the Department of Employment and Economic Development to the  
 44.3 extent required to administer the new markets tax credit in sections 290.0693 and 297I.20.

44.4 (b) Data pertaining to corporations or other employing units may be disclosed to the  
 44.5 Department of Employment and Economic Development to the extent necessary for the  
 44.6 proper enforcement of chapter 268.

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

44.8 Sec. 11. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7a, is amended  
 44.9 to read:

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

44.12 (1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the  
 44.13 addition provided in section 290.0131, subdivision 5, and the subtraction provided in section  
 44.14 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a  
 44.15 qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The  
 44.16 income of ~~both a resident and~~ qualifying owner of a qualifying entity that is a partnership  
 44.17 or limited liability company taxed as a partnership under the Internal Revenue Code is not  
 44.18 subject to allocation outside this state as provided for resident individuals under section  
 44.19 290.17, subdivision 1, paragraph (a). The income of both a nonresident qualifying owner  
 44.20 of a qualifying entity and the income of a resident qualifying owner of a qualifying entity  
 44.21 that is an S corporation including a qualified subchapter S subsidiary organized under section  
 44.22 1361(b)(3)(B) of the Internal Revenue Code is allocated and assigned to this state as provided  
 44.23 for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

44.24 (2) "qualifying entity" means a partnership, limited liability company taxed as a  
 44.25 partnership or S corporation, or S corporation including a qualified subchapter S subsidiary  
 44.26 organized under section 1361(b)(3)(B) of the Internal Revenue Code that has at least one  
 44.27 qualifying owner. Qualifying entity does not include a ~~partnership, limited liability company,~~  
 44.28 ~~or corporation that has a partnership, limited liability company other than a disregarded~~  
 44.29 ~~entity, or corporation as a partner, member, or shareholder~~ publicly traded partnership, as  
 44.30 defined in section 7704 of the Internal Revenue Code; and

44.31 (3) "qualifying owner" means:

44.32 (i) a resident or nonresident individual or estate that is a partner, member, or shareholder  
 44.33 of a qualifying entity; ~~or~~

45.1 (ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an  
45.2 S corporation; or

45.3 (iii) a disregarded entity that has a qualifying owner as its single owner.

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

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

45.10 (2) must exclude partners, members, shareholders, or owners who are not qualifying  
45.11 owners;

45.12 ~~(2)~~ (3) may only be made by qualifying owners who collectively hold more than a 50  
45.13 percent of the ownership interest interests in the qualifying entity held by qualifying owners;

45.14 ~~(3)~~ (4) is binding on all qualifying owners who have an ownership interest in the  
45.15 qualifying entity; and

45.16 ~~(4)~~ (5) once made is irrevocable for the taxable year.

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

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

45.22 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;  
45.23 and

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

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

45.28 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated  
45.29 tax if the qualifying owner's tax liability would exceed the requirements set forth in section  
45.30 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's  
45.31 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying

46.1 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated  
46.2 tax.

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

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

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

46.12 (j) If a nonresident qualifying owner of a qualifying entity making the election to file  
46.13 and pay the tax under this subdivision has no other Minnesota source income, filing of the  
46.14 pass-through entity tax return is a return for purposes of subdivision 1, provided that the  
46.15 nonresident qualifying owner must not have any Minnesota source income other than the  
46.16 income from the qualifying entity, other electing qualifying entities, and other partnerships  
46.17 electing to file a composite return under subdivision 7. If it is determined that the nonresident  
46.18 qualifying owner has other Minnesota source income, the inclusion of the income and tax  
46.19 liability for that owner under this provision will not constitute a return to satisfy the  
46.20 requirements of subdivision 1. The tax paid for the qualifying owner as part of the  
46.21 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner  
46.22 on the date on which the pass-through entity tax return payment was made.

46.23 (k) This section expires at the same time and on the same terms as section 164(b)(6)(B)  
46.24 of the Internal Revenue Code, except that the expiration of this section does not affect the  
46.25 commissioner's authority to audit or power of examination and assessments for credits  
46.26 claimed under this section.

46.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
46.28 31, 2021.

46.29 Sec. 12. Minnesota Statutes 2020, section 289A.10, subdivision 1, is amended to read:

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

46.33 (1) a federal estate tax return is required to be filed; or

47.1 (2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in  
47.2 section 2001(b) of the Internal Revenue Code, made within three years of the date of the  
47.3 decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for~~  
47.4 ~~estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;~~  
47.5 ~~\$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying~~  
47.6 ~~in 2018; \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates of~~  
47.7 ~~decedents dying in 2020 and thereafter.~~

47.8 (b) The return must contain a computation of the Minnesota estate tax due. The return  
47.9 must be signed by the personal representative.

47.10 (c) The return may include an election, as provided in section 291.03, subdivision 1e,  
47.11 to allow a decedent's surviving spouse to take into account the decedent's deceased spousal  
47.12 unused exclusion amount.

47.13 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June  
47.14 30, 2022.

47.15 Sec. 13. Minnesota Statutes 2021 Supplement, section 289A.382, subdivision 2, is amended  
47.16 to read:

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

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

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

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

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

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

48.5 (5) file an amended pass-through entity tax report for all direct partners who were  
48.6 included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the  
48.7 reviewed year, and pay the additional amount that would have been due had the federal  
48.8 adjustments been reported properly as required.

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

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

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

48.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
48.19 31, 2021.

48.20 Sec. 14. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision  
48.21 to read:

48.22 **Subd. 20. Dependent flexible spending accounts.** For a taxpayer who claims the credit  
48.23 under section 290.067, or for a married taxpayer filing a separate return whose spouse claims  
48.24 the credit under that section, the amount of dependent care assistance that is excluded from  
48.25 gross income under section 129 of the Internal Revenue Code is an addition.

48.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
48.27 31, 2021.

48.28 Sec. 15. Minnesota Statutes 2020, section 290.0132, subdivision 21, is amended to read:

48.29 **Subd. 21. Military service pension; retirement pay.** (a) To the extent included in  
48.30 federal adjusted gross income, compensation received from a pension or other retirement  
48.31 pay from the federal government for service in the military, ~~as~~ is a subtraction. Only the  
48.32 following amounts may be subtracted under this subdivision:



49.1 (1) compensation computed under United States Code, title 10, sections 1401 to 1414,  
 49.2 1447 to 1455, and 12733, is a subtraction;

49.3 (2) the total amount of a federal employee retirement system pension under United States  
 49.4 Code, title 5, chapter 84, multiplied by the taxpayer's military service ratio; and

49.5 (3) the total amount of a civil service retirement system pension under United States  
 49.6 Code, title 5, chapter 83, subchapter III, multiplied by the taxpayer's military service ratio.

49.7 (b) The subtraction is limited to individuals who do not claim the credit under section  
 49.8 290.0677.

49.9 (c) For purposes of this subdivision, "military service ratio" means:

49.10 (1) in the case of a federal employee retirement system pension, the years of service  
 49.11 credited to the taxpayer for military service under United States Code, title 5, section 8411,  
 49.12 divided by the total service credited to the taxpayer under that section; and

49.13 (2) in the case of a civil service retirement system pension, the years of service credited  
 49.14 to the taxpayer for military service under United States Code, title 5, section 8322, divided  
 49.15 by the total service credited to the taxpayer under that section.

49.16 (d) For purposes of calculating the ratio under paragraph (b), the commissioner must  
 49.17 consider the number of full years and months credited to the taxpayer, excluding any  
 49.18 fractional part of a month, if any.

49.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 49.20 after December 31, 2020.

49.21 Sec. 16. Minnesota Statutes 2020, section 290.0132, subdivision 26, is amended to read:

49.22 Subd. 26. **Social Security benefits.** ~~(a) A portion of taxable~~ The amount of Social  
 49.23 Security benefits received by a taxpayer in a taxable year is allowed as a subtraction. The  
 49.24 subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction  
 49.25 subject to the limits under paragraphs (b), (c), and (d).

49.26 ~~(b) For married taxpayers filing a joint return and surviving spouses, the maximum~~  
 49.27 ~~subtraction equals \$5,150. The maximum subtraction is reduced by 20 percent of provisional~~  
 49.28 ~~income over \$78,180. In no case is the subtraction less than zero.~~

49.29 ~~(c) For single or head-of-household taxpayers, the maximum subtraction equals \$4,020.~~  
 49.30 ~~The maximum subtraction is reduced by 20 percent of provisional income over \$61,080.~~  
 49.31 ~~In no case is the subtraction less than zero.~~

50.1 ~~(d) For married taxpayers filing separate returns, the maximum subtraction equals~~  
 50.2 ~~one-half the maximum subtraction for joint returns under paragraph (b). The maximum~~  
 50.3 ~~subtraction is reduced by 20 percent of provisional income over one-half the threshold~~  
 50.4 ~~amount specified in paragraph (b). In no case is the subtraction less than zero.~~

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

50.9 ~~(f) The commissioner shall adjust the maximum subtraction and threshold amounts in~~  
 50.10 ~~paragraphs (b) to (d) as provided in section 270C.22. The statutory year is taxable year~~  
 50.11 ~~2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the~~  
 50.12 ~~nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10~~  
 50.13 ~~amount.~~

50.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 50.15 31, 2021.

50.16 Sec. 17. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision  
 50.17 to read:

50.18 Subd. 32. **Emergency assistance for postsecondary student grants.** (a) An emergency  
 50.19 grant for postsecondary students is a subtraction.

50.20 (b) For the purposes of this subdivision, "emergency grant for postsecondary students"  
 50.21 means an emergency grant to a student of an eligible institution, as defined in section  
 50.22 136A.103, to meet the financial needs of a student that could result in the student not  
 50.23 completing the term or their program, including but not limited to grants provided under  
 50.24 Laws 2021, First Special Session chapter 2, article 1, section 2, subdivision 24.

50.25 (c) This subdivision expires for taxable years beginning after December 31, 2029.

50.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 50.27 31, 2021, and before January 1, 2030.

50.28 Sec. 18. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended  
 50.29 to read:

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

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

- 51.3 (1) On the first ~~\$38,770~~ \$41,050, ~~5.35~~ 5.1 percent;
- 51.4 (2) On all over ~~\$38,770~~ \$41,050, but not over ~~\$154,020~~ \$163,060, 6.8 percent;
- 51.5 (3) On all over ~~\$154,020~~ \$163,060, but not over ~~\$269,010~~ \$284,810, 7.85 percent;
- 51.6 (4) On all over ~~\$269,010~~ \$284,810, 9.85 percent.

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

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

- 51.12 (1) On the first ~~\$26,520~~ \$28,080, ~~5.35~~ 5.1 percent;
- 51.13 (2) On all over ~~\$26,520~~ \$28,080, but not over ~~\$87,110~~ \$92,230, 6.8 percent;
- 51.14 (3) On all over ~~\$87,110~~ \$92,230, but not over ~~\$161,720~~ \$171,220, 7.85 percent;
- 51.15 (4) On all over ~~\$161,720~~ \$171,220, 9.85 percent.

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

- 51.19 (1) On the first ~~\$32,650~~ \$34,570, ~~5.35~~ 5.1 percent;
- 51.20 (2) On all over ~~\$32,650~~ \$34,570, but not over ~~\$131,190~~ \$138,890, 6.8 percent;
- 51.21 (3) On all over ~~\$131,190~~ \$138,890, but not over ~~\$214,980~~ \$227,600, 7.85 percent;
- 51.22 (4) On all over ~~\$214,980~~ \$227,600, 9.85 percent.

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

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

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

52.7 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
52.8 17, and 290.0137, paragraph (a); and reduced by

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

52.13 (2) the denominator is the individual's federal adjusted gross income as defined in section  
52.14 62 of the Internal Revenue Code, increased by:

52.15 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
52.16 17, and 290.0137, paragraph (a); and reduced by

52.17 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and  
52.18 27, and 290.0137, paragraph (c).

52.19 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying  
52.20 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision  
52.21 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as  
52.22 provided in paragraph (e), and also must include, to the extent attributed to the electing  
52.23 qualifying entity:

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

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

52.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
52.29 31, 2021.

52.30 Sec. 19. Minnesota Statutes 2020, section 290.06, subdivision 2d, is amended to read:

52.31 Subd. 2d. **Inflation adjustment of brackets.** The commissioner shall annually adjust  
52.32 the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed

53.1 in subdivision 2c as provided in section 270C.22. The statutory year is taxable year ~~2019~~  
53.2 2022. The rate applicable to any rate bracket must not be changed. The dollar amounts  
53.3 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate  
53.4 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in  
53.5 \$5, it must be rounded up to the nearest \$10 amount. The commissioner shall determine the  
53.6 rate bracket for married filing separate returns after this adjustment is done. The rate bracket  
53.7 for married filing separate must be one-half of the rate bracket for married filing joint.

53.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
53.9 31, 2021.

53.10 Sec. 20. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 22, is amended  
53.11 to read:

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

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

53.26 (c) If the taxpayer is an athletic team that apportions all of its income under section  
53.27 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this  
53.28 chapter by the ratio derived from dividing the total net income subject to tax in the other  
53.29 state by the taxpayer's Minnesota taxable income.

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

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

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

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

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

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

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

54.32 (1) includes:

54.33 (i) the District of Columbia; and

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

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

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

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

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

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

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

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

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

55.32 (m) For purposes of this subdivision, a resident sole member of a disregarded limited  
55.33 liability company must be considered to have paid a tax imposed on the sole member in an

56.1 amount equal to the net income tax paid by the disregarded limited liability company to  
 56.2 another state. For the purposes of this paragraph, the term "disregarded limited liability  
 56.3 company" means a limited liability company that is disregarded as an entity separate from  
 56.4 its owner as defined in Code of Federal Regulations, title 26, section 301.7701; and "net  
 56.5 income" tax means any tax imposed on or measured by a disregarded limited liability  
 56.6 company's net income.

56.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 56.8 31, 2021.

56.9 Sec. 21. Minnesota Statutes 2020, section 290.067, is amended to read:

56.10 **290.067 DEPENDENT GREAT START CHILD CARE AND DEPENDENT CARE**  
 56.11 **CREDIT.**

56.12 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax  
 56.13 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the  
 56.14 ~~dependent care credit for which the taxpayer is eligible pursuant to the provisions of section~~  
 56.15 ~~21 of the Internal Revenue Code except that in determining whether the child qualified as~~  
 56.16 ~~a dependent, income received as a Minnesota family investment program grant or allowance~~  
 56.17 ~~to or on behalf of the child must not be taken into account in determining whether the child~~  
 56.18 ~~received more than half of the child's support from the taxpayer~~ the taxpayer's eligible  
 56.19 dependent care expenses, as determined under subdivisions 1a and 1b, multiplied by the  
 56.20 taxpayer's credit percentage, as determined under subdivision 1c.

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

56.30 ~~(c) If a married couple:~~

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

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



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

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

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

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

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

57.20 ~~(e) (b) In the case of a nonresident, part-year resident, or a person who has earned income~~  
 57.21 ~~not subject to tax under this chapter including earned income excluded pursuant to section~~  
 57.22 ~~290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue~~  
 57.23 ~~Code this section must be allocated based on the ratio by which the earned income of the~~  
 57.24 ~~claimant and the claimant's spouse from Minnesota sources bears to the total earned income~~  
 57.25 ~~of the claimant and the claimant's spouse using the percentage calculated in section 290.06,~~  
 57.26 ~~subdivision 2c, paragraph (e).~~

57.27 ~~(c) For the purposes of this section, the following terms have the meanings given:~~

57.28 ~~(1) "employment-related expenses" has the meaning given in section 21(b)(2) of the~~  
 57.29 ~~Internal Revenue Code;~~

57.30 ~~(2) "qualifying individual" has the meaning given in section 21(b)(1) of the Internal~~  
 57.31 ~~Revenue Code, except that in determining whether the child qualified as a dependent, income~~  
 57.32 ~~received as a Minnesota family investment program grant or allowance to or on behalf of~~

58.1 the child must not be taken into account in determining whether the child received more  
58.2 than half of the child's support from the taxpayer; and

58.3 (3) "young child" means a qualifying individual who had not attained the age of five by  
58.4 December 31 of the taxable year.

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

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

58.11 ~~(h) For taxpayers with federal adjusted gross income in excess of \$52,230, the credit is~~  
58.12 ~~equal to the lesser of the credit otherwise calculated under this subdivision, or the amount~~  
58.13 ~~equal to \$600 minus five percent of federal adjusted gross income in excess of \$52,230 for~~  
58.14 ~~taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted~~  
58.15 ~~gross income in excess of \$52,230 for taxpayers with two or more qualified individuals,~~  
58.16 ~~but in no case is the credit less than zero.~~

58.17 Subd. 1a. **Eligible dependent care expenses.** (a) A taxpayer's eligible dependent care  
58.18 expenses equals the amount of employment-related expenses incurred by the taxable year,  
58.19 subject to the limitations in paragraphs (b) and (c).

58.20 (b) Except as provided in subdivision 1b, a taxpayer's eligible dependent care expenses  
58.21 are limited to:

58.22 (1) \$3,000 if there was one qualifying individual with respect to the taxpayer; or

58.23 (2) \$6,000 if there were two or more qualifying individuals with respect to the taxpayer.

58.24 Subd. 1b. **Eligible expenses for taxpayers with young children.** For a taxpayer with  
58.25 a young child, the limit in paragraph (b) is increased as follows:

58.26 (1) for a taxpayer with one young child with respect to the taxpayer, the limit is increased  
58.27 by \$1,000;

58.28 (2) for a taxpayer with two young children with respect to the taxpayer, the limit is  
58.29 increased by \$2,000; and

58.30 (3) for a taxpayer with three or more young children with respect to the taxpayer, the  
58.31 limit is increased by \$3,000.

59.1 Subd. 1c. **Credit percentage.** (a) The credit percentage equals 50 percent, subject to  
59.2 the reductions in paragraphs (b) and (c).

59.3 (b) A taxpayer's credit percentage is reduced by two percentage points for each \$1,000,  
59.4 or fraction thereof, by which the taxpayer's adjusted gross income exceeds \$80,000.

59.5 (c) For a married taxpayer filing a separate return, the credit percentage must be calculated  
59.6 under paragraphs (a) and (b), except the adjusted gross income thresholds are one-half the  
59.7 amounts for other filers, as adjusted for inflation under subdivision 2b.

59.8 **Subd. 2b. Inflation adjustment.** The commissioner shall annually adjust the dollar  
59.9 amount of the income threshold at which the ~~maximum~~ credit percentage begins to be  
59.10 reduced under subdivision ~~1c~~ as provided in section 270C.22. The statutory year is taxable  
59.11 year ~~2019~~ 2022.

59.12 Subd. 2c. **Deemed expenses.** (a) If a child who has not attained the age of six years at  
59.13 the close of the taxable year is cared for at a licensed family day care home operated by the  
59.14 child's parent, the taxpayer is deemed to have paid employment-related expenses. The  
59.15 amount of expenses deemed to have been paid equals the amount the licensee would charge  
59.16 for the care of a child of the same age for the same number of hours of care.

59.17 (b) If a married couple:

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

59.20 (2) does not participate in a dependent care assistance program as defined in section 129  
59.21 of the Internal Revenue Code; then in lieu of the actual employment-related expenses paid  
59.22 for that child under or the deemed amount under paragraph (a), the amount deemed to be  
59.23 the employment-related expense paid for that child equals the lesser of:

59.24 (i) the combined earned income of the couple; or

59.25 (ii) the amount of the maximum limit for one qualified individual under subdivision 1a,  
59.26 as increased by subdivision 1b.

59.27 The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply  
59.28 to this deemed amount. These deemed amounts apply regardless of whether any  
59.29 employment-related expenses have been paid.

59.30 Subd. 2d. **Identifying information required.** (a) No credit is allowed for any amount  
59.31 paid to any person unless:

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

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

60.6 (b) The rule in section 21(e)(10) of the Internal Revenue Code applies for the credit  
60.7 under this section.

60.8 Subd. 3. **Credit to be refundable.** If the amount of credit which a claimant would be  
60.9 eligible to receive pursuant to this subdivision exceeds the claimant's tax liability under  
60.10 chapter 290, the excess amount of the credit shall be refunded to the claimant by the  
60.11 commissioner of revenue. An amount sufficient to pay the refunds required by this section  
60.12 is appropriated to the commissioner from the general fund.

60.13 Subd. 4. **Right to file claim.** The right to file a claim under this section shall be personal  
60.14 to the claimant and shall not survive death, but such right may be exercised on behalf of a  
60.15 claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies after  
60.16 having filed a timely claim the amount thereof shall be disbursed to another member of the  
60.17 household as determined by the commissioner of revenue. If the claimant was the only  
60.18 member of a household, the claim may be paid to the claimant's personal representative,  
60.19 but if neither is appointed and qualified within two years of the filing of the claim, the  
60.20 amount of the claim shall escheat to the state.

60.21 Subd. 5. **Employment-related expenses.** For the purposes of determining  
60.22 employment-related expenses, the provisions of sections 21(d) and 21(e)(6) of the Internal  
60.23 Revenue Code apply.

60.24 Subd. 6. **Rules for married couples filing separate returns.** A married taxpayer filing  
60.25 a separate return may claim the credit under this section, but only one spouse may claim  
60.26 the credit.

60.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
60.28 31, 2021.

60.29 Sec. 22. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

60.30 Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than  
60.31 ~~\$33,500~~ \$70,000, the maximum credit allowed for a family is \$1,000 multiplied by the  
60.32 number of qualifying children in kindergarten through grade 12 in the family. The maximum  
60.33 credit for families with one qualifying child in kindergarten through grade 12 is reduced by

61.1 \$1 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$70,000, and the maximum  
61.2 credit for families with two or more qualifying children in kindergarten through grade 12  
61.3 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$70,000,  
61.4 but in no case is the credit less than zero.

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

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

61.10 (d) The commissioner shall annually adjust the household income limitation in paragraph  
61.11 (a) as provided in section 270C.22. The statutory year is 2022.

61.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
61.13 31, 2021.

61.14 Sec. 23. Minnesota Statutes 2020, section 290.068, subdivision 1, is amended to read:

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

61.18 (a) ten percent of the first \$2,000,000 of the excess (if any) of

61.19 (1) the qualified research expenses for the taxable year, over

61.20 (2) the base amount; and

61.21 (b) ~~four~~ 4.25 percent on all of such excess expenses over \$2,000,000.

61.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
61.23 31, 2021.

61.24 Sec. 24. Minnesota Statutes 2020, section 290.0681, subdivision 4, is amended to read:

61.25 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the  
61.26 office has issued an allocation certificate must notify the office when the project is placed  
61.27 in service. Upon verifying that the project has been placed in service, and was allowed a  
61.28 federal credit, the office must issue a credit certificate to the taxpayer designated in the  
61.29 application or must issue a grant to the recipient designated in the application. The credit  
61.30 certificate must state the amount of the credit.

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

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

62.3 (b) The recipient of a credit certificate may assign the certificate to another taxpayer  
62.4 before the first one-fifth payment is claimed, which is then allowed the credit under this  
62.5 section or section 297I.20, subdivision 3. Before the first one-fifth payment is claimed, the  
62.6 first assignee may subsequently assign the credit certificate in whole, but not in part, to a  
62.7 second assignee. A second assignment may only be assigned to a financial institution. An  
62.8 assignment is not valid unless the assignee notifies the commissioner within 30 days of the  
62.9 date that the assignment is made. The commissioner shall prescribe the forms necessary for  
62.10 notifying the commissioner of the assignment of a credit certificate and for claiming a credit  
62.11 by assignment. The original credit certificate recipient, and each assignee, must file a return  
62.12 with the commissioner for the taxable year that the project is placed in service.

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

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

62.17 **EFFECTIVE DATE.** This section is effective for projects placed in service after June  
62.18 30, 2022.

62.19 Sec. 25. **[290.0693] NEW MARKETS TAX CREDIT.**

62.20 **Subdivision 1. Definitions.** For purposes of this section, terms defined in section 116X.01  
62.21 have the meanings given in that section.

62.22 **Subd. 2. Credit allowed.** (a) An entity that makes or is transferred a qualified equity  
62.23 investment is allowed a credit against the tax imposed under this chapter equal to the amount  
62.24 calculated under section 116X.01, subdivision 2. The credit is claimed beginning in the  
62.25 taxable year of the third credit allowance date.

62.26 (b) Tax credits earned by or allocated to a partnership, a limited liability company taxed  
62.27 as a partnership, or an S corporation are passed through to the partners, members,  
62.28 shareholders, or owners, respectively, in accordance with the provisions of any agreement  
62.29 among such partners, members, shareholders, or owners, or, in the absence of such agreement,  
62.30 pro rata to each partner, member, shareholder, or owner based on their share of the entity's  
62.31 assets as of the last day of the taxable year. A pass-through of a credit is not considered a  
62.32 sale for the purposes of section 116X.01.

63.1 (c) If the amount of the credit under this section exceeds the taxpayer's liability for tax  
 63.2 under this chapter, the excess is a credit carryover to each of the five succeeding taxable  
 63.3 years. The entire amount of the excess unused credit for the taxable year must be carried  
 63.4 first to the earliest of the taxable years to which the credit may be carried and then to each  
 63.5 successive year to which the credit may be carried. The amount of the unused credit that  
 63.6 may be added under this paragraph may not exceed the taxpayer's liability for tax, less any  
 63.7 credit for the current taxable year.

63.8 Subd. 3. **Sunset.** This section expires at the same time and on the same terms as section  
 63.9 116X.01, except that the expiration of this section does not affect the commissioner of  
 63.10 revenue's authority to audit or power of examination and assessment for credits claimed  
 63.11 under this section.

63.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 63.13 31, 2022, and expires on the date provided under section 45D of the Internal Revenue Code.

63.14 Sec. 26. Minnesota Statutes 2020, section 291.016, subdivision 3, is amended to read:

63.15 Subd. 3. **Subtraction.** (a) ~~For estates of decedents dying after December 31, 2016,~~ A  
 63.16 subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

63.17 (1) ~~the an~~ an exclusion amount for the year of death under paragraph (b) of \$3,000,000;  
 63.18 and

63.19 ~~(2) the lesser of:~~

63.20 ~~(i) (2) the value of qualified small business property under section 291.03, subdivision~~  
 63.21 ~~9, and the value of qualified farm property under section 291.03, subdivision 10; or, up to~~  
 63.22 \$2,000,000.

63.23 ~~(ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).~~

63.24 ~~(b) The following exclusion amounts apply for the year of death:~~

63.25 ~~(1) \$2,100,000 for decedents dying in 2017;~~

63.26 ~~(2) \$2,400,000 for decedents dying in 2018;~~

63.27 ~~(3) \$2,700,000 for decedents dying in 2019; and~~

63.28 ~~(4) \$3,000,000 for decedents dying in 2020 and thereafter.~~

63.29 (b) In the case of a decedent that is a surviving spouse there is an additional subtraction  
 63.30 allowed in computing the Minnesota taxable estate, a deceased spousal unused exclusion  
 63.31 amount, which is equal to the lesser of:

64.1 (1) \$3,000,000; or

64.2 (2) the excess of \$3,000,000 over the amount of the Minnesota taxable estate of the last  
 64.3 predeceased spouse of the decedent, but not including in the taxable estate property described  
 64.4 in section 291.03, subdivisions 9 and 10, but in no case less than zero.

64.5 (c) The subtraction under this subdivision must not reduce the Minnesota taxable estate  
 64.6 to less than zero.

64.7 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June  
 64.8 30, 2022.

64.9 Sec. 27. Minnesota Statutes 2020, section 291.03, subdivision 1, is amended to read:

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

64.16 ~~(a) For estates of decedents dying in 2017:~~

64.17 Amount of Minnesota Taxable Estate	Rate of Tax
64.18 <del>Not over \$5,100,000</del>	<del>12 percent</del>
64.19 <del>Over \$5,100,000 but not over \$7,100,000</del>	<del>\$612,000 plus 12.8 percent of the excess over</del>
64.20 <del></del>	<del>\$5,100,000</del>
64.21 <del>Over \$7,100,000 but not over \$8,100,000</del>	<del>\$868,000 plus 13.6 percent of the excess over</del>
64.22 <del></del>	<del>\$7,100,000</del>
64.23 <del>Over \$8,100,000 but not over \$9,100,000</del>	<del>\$1,004,000 plus 14.4 percent of the excess</del>
64.24 <del></del>	<del>over \$8,100,000</del>
64.25 <del>Over \$9,100,000 but not over \$10,100,000</del>	<del>\$1,148,000 plus 15.2 percent of the excess</del>
64.26 <del></del>	<del>over \$9,100,000</del>
64.27 <del>Over \$10,100,000</del>	<del>\$1,300,000 plus 16 percent of the excess over</del>
64.28 <del></del>	<del>\$10,100,000</del>

64.29 ~~(b) For estates of decedents dying in 2018 and thereafter:~~

64.30 Amount of Minnesota Taxable Estate	Rate of Tax
64.31 Not over \$7,100,000	13 percent
64.32 Over \$7,100,000 but not over \$8,100,000	\$923,000 plus 13.6 percent of the excess over
64.33	\$7,100,000
64.34 Over \$8,100,000 but not over \$9,100,000	\$1,059,000 plus 14.4 percent of the excess
64.35	over \$8,100,000
64.36 Over \$9,100,000 but not over \$10,100,000	\$1,203,000 plus 15.2 percent of the excess
64.37	over \$9,100,000
64.38 Over \$10,100,000	\$1,355,000 plus 16 percent of the excess over
64.39	\$10,100,000



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

65.2 Sec. 28. Minnesota Statutes 2020, section 291.03, is amended by adding a subdivision to  
65.3 read:

65.4 Subd. 1e. **Election of portability of deceased spousal unused exclusion amounts;**  
65.5 **election irrevocable; deemed elections.** (a) A personal representative of a decedent's estate  
65.6 may elect, on a return required under section 289A.10, subdivision 1, to allow a decedent's  
65.7 surviving spouse to take into account the decedent's deceased spousal unused exclusion  
65.8 amount, as provided in section 291.016, subdivision 3, paragraph (b).

65.9 (b) In order for a surviving spouse to take into account the decedent's deceased spousal  
65.10 unused exclusion amount, as provided in section 291.016, subdivision 3, paragraph (b), a  
65.11 personal representative of a decedent's estate must file a return and make the portability  
65.12 election under paragraph (a). The return is subject to the same provisions as a return required  
65.13 under section 289A.10, subdivision 1.

65.14 (c) An election under paragraph (a) or (b) is irrevocable. The personal representative of  
65.15 a decedent's estate must state affirmatively on the return that the decedent's estate is electing  
65.16 portability. The commissioner may prescribe the form of the election on the return.

65.17 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after June  
65.18 30, 2022.

65.19 Sec. 29. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision  
65.20 to read:

65.21 Subd. 6. **New markets tax credit.** A taxpayer may claim a credit against the premiums  
65.22 tax imposed under this chapter equal to the amount calculated under section 116X.01,  
65.23 subdivision 2. The credit is claimed beginning in the taxable year of the third credit allowance  
65.24 date. If the amount of the credit exceeds the liability for tax under this chapter, the excess  
65.25 is a credit carryover to each of the five succeeding taxable years. The entire amount of the  
65.26 excess unused credit for the taxable year must be carried first to the earliest of the taxable  
65.27 years to which the credit may be carried and then to each successive year to which the credit  
65.28 may be carried. This credit does not affect the calculation of fire state aid under section  
65.29 477B.03 and police state aid under section 477C.03.

65.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
65.31 31, 2022, and expires on the date provided under section 45D of the Internal Revenue Code.

66.1 Sec. 30. **REPEALER.**66.2 Minnesota Statutes 2020, section 290.0674, subdivision 2a, is repealed.66.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
66.4 31, 2021.66.5 Sec. 31. **REPEALER.**66.6 Minnesota Statutes 2021 Supplement, section 290.0681, subdivision 10, is repealed.66.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

66.8

**ARTICLE 3**

66.9

**SALES AND USE TAXES**

66.10 Section 1. Minnesota Statutes 2020, section 38.27, subdivision 4, is amended to read:

66.11 Subd. 4. **Use of a portion of county fair revenues.** A county agricultural society must  
66.12 annually determine the amount of sales tax savings attributable to section 297A.70,  
66.13 subdivision 21. ~~If the county agricultural society owns its own fairgrounds, it, and~~ must use  
66.14 the amount equal to the sales tax savings to maintain, improve, or expand society-owned  
66.15 buildings and facilities on the fairgrounds; ~~otherwise it must transfer this amount to the~~  
66.16 ~~owner of the fairgrounds. An owner that receives a transfer of money under this subdivision~~  
66.17 ~~must use the transferred amount to maintain, improve, and expand entity-owned buildings~~  
66.18 ~~and facilities on the county fairgrounds.~~66.19 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
66.20 the most recent annual tax savings determined prior to enactment.66.21 Sec. 2. **[240A.15] AMATEUR SPORTS ACCOUNT.**66.22 An amateur sports account is established in the special revenue fund and consists of  
66.23 money deposited under section 297A.94, paragraph (k). Money in the account, including  
66.24 interest, is appropriated to the commission for the promotion and development of amateur  
66.25 sports as provided in section 240A.04. Money in the account does not cancel and is available  
66.26 until spent.66.27 **EFFECTIVE DATE.** This section is effective July 1, 2022.

66.28 Sec. 3. Minnesota Statutes 2020, section 297A.61, subdivision 4, is amended to read:

66.29 Subd. 4. **Retail sale.** (a) A "retail sale" means:

67.1 (1) any sale, lease, or rental of tangible personal property for any purpose, other than  
67.2 resale, sublease, or subrent of items by the purchaser in the normal course of business as  
67.3 defined in subdivision 21; and

67.4 (2) any sale of a service enumerated in subdivision 3, for any purpose other than resale  
67.5 by the purchaser in the normal course of business as defined in subdivision 21.

67.6 (b) A sale of property used by the owner only by leasing it to others or by holding it in  
67.7 an effort to lease it, and put to no use by the owner other than resale after the lease or effort  
67.8 to lease, is a sale of property for resale.

67.9 (c) A sale of master computer software that is purchased and used to make copies for  
67.10 sale or lease is a sale of property for resale.

67.11 (d) A sale of building materials, supplies, and equipment to owners, contractors,  
67.12 subcontractors, or builders for the erection of buildings or the alteration, repair, or  
67.13 improvement of real property is a retail sale in whatever quantity sold, whether the sale is  
67.14 for purposes of resale in the form of real property or otherwise.

67.15 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for  
67.16 installation of the floor covering is a retail sale and not a sale for resale since a sale of floor  
67.17 covering which includes installation is a contract for the improvement of real property.

67.18 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides  
67.19 for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery,  
67.20 plants, sod, trees, and similar items that includes installation is a contract for the improvement  
67.21 of real property.

67.22 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and is  
67.23 not considered a sale of property for resale.

67.24 (h) A sale of tangible personal property utilized or employed in the furnishing or  
67.25 providing of services under subdivision 3, paragraph (g), clause (1), including, but not  
67.26 limited to, property given as promotional items, is a retail sale and is not considered a sale  
67.27 of property for resale.

67.28 (i) A sale of tangible personal property used in conducting lawful gambling under chapter  
67.29 349 or the State Lottery under chapter 349A, including, but not limited to, property given  
67.30 as promotional items, is a retail sale and is not considered a sale of property for resale.

67.31 (j) a sale of machines, equipment, or devices that are used to furnish, provide, or dispense  
67.32 goods or services, including, but not limited to, coin-operated devices, is a retail sale and  
67.33 is not considered a sale of property for resale.

68.1 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease  
68.2 payment becomes due under the terms of the agreement or the trade practices of the lessor  
68.3 or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision  
68.4 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than  
68.5 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is  
68.6 executed.

68.7 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of  
68.8 title or possession of the tangible personal property.

68.9 (m) A sale of a bundled transaction in which one or more of the products included in  
68.10 the bundle is a taxable product is a retail sale, except that if one of the products is a  
68.11 telecommunication service, ancillary service, Internet access, ~~or~~ audio or video programming  
68.12 service, a suite license exempt under section 297A.67, subdivision 35, or a right to purchase  
68.13 season tickets to collegiate events exempt under section 297A.67, subdivision 38, and the  
68.14 seller has maintained books and records identifying through reasonable and verifiable  
68.15 standards the portions of the price that are attributable to the distinct and separately  
68.16 identifiable products, then the products are not considered part of a bundled transaction.  
68.17 For purposes of this paragraph:

68.18 (1) the books and records maintained by the seller must be maintained in the regular  
68.19 course of business, and do not include books and records created and maintained by the  
68.20 seller primarily for tax purposes;

68.21 (2) books and records maintained in the regular course of business include, but are not  
68.22 limited to, financial statements, general ledgers, invoicing and billing systems and reports,  
68.23 and reports for regulatory tariffs and other regulatory matters; and

68.24 (3) books and records are maintained primarily for tax purposes when the books and  
68.25 records identify taxable and nontaxable portions of the price, but the seller maintains other  
68.26 books and records that identify different prices attributable to the distinct products included  
68.27 in the same bundled transaction.

68.28 (n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or body  
68.29 shop business is a retail sale and the sales tax is imposed on the gross receipts from the retail  
68.30 sale of the paint and materials. The motor vehicle repair or body shop that purchases motor  
68.31 vehicle repair paint and motor vehicle repair materials for resale must either:

68.32 (1) separately state each item of paint and each item of materials, and the sales price of  
68.33 each, on the invoice to the purchaser; or

69.1 (2) in order to calculate the sales price of the paint and materials, use a method which  
69.2 estimates the amount and monetary value of the paint and materials used in the repair of  
69.3 the motor vehicle by multiplying the number of labor hours by a rate of consideration for  
69.4 the paint and materials used in the repair of the motor vehicle following industry standard  
69.5 practices that fairly calculate the gross receipts from the retail sale of the motor vehicle  
69.6 repair paint and motor vehicle repair materials. An industry standard practice fairly calculates  
69.7 the gross receipts if the sales price of the paint and materials used or consumed in the repair  
69.8 of a motor vehicle equals or exceeds the purchase price paid by the motor vehicle repair or  
69.9 body shop business. Under this clause, the invoice must either separately state the "paint  
69.10 and materials" as a single taxable item, or separately state "paint" as a taxable item and  
69.11 "materials" as a taxable item. This clause does not apply to wholesale transactions at an  
69.12 auto auction facility.

69.13 (o) A sale of specified digital products or other digital products to an end user with or  
69.14 without rights of permanent use and regardless of whether rights of use are conditioned  
69.15 upon payment by the purchaser is a retail sale. When a digital code has been purchased that  
69.16 relates to specified digital products or other digital products, the subsequent receipt of or  
69.17 access to the related specified digital products or other digital products is not a retail sale.

69.18 (p) A payment made to a cooperative electric association or public utility as a contribution  
69.19 in aid of construction is a contract for improvement to real property and is not a retail sale.

69.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
69.21 30, 2022.

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

69.24 **Subd. 7b. Health care materials.** Health care materials are exempt. "Health care  
69.25 materials" means nondurable disposable health care materials prescribed by a physician  
69.26 that are primarily and customarily used to serve a medical purpose and generally not used  
69.27 by an individual in the absence of illness or injury and not used repeatedly by different  
69.28 individuals. For purposes of this subdivision, "prescribed" has the definition given in  
69.29 subdivision 7.

69.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
69.31 30, 2022.

70.1 Sec. 5. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision to  
70.2 read:

70.3 Subd. 7c. **Other purchases under health plans.** Items purchased in a transaction covered  
70.4 by a private health plan that are not already exempt under subdivision 7, 7a, or 7b are exempt.  
70.5 For purposes of this subdivision, "private health plan" means a health plan as defined in  
70.6 section 62A.011, subdivision 3, a health plan as defined in section 62V.02, subdivision 4,  
70.7 or a qualified health plan as defined in section 62A.011, subdivision 7.

70.8 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
70.9 30, 2022.

70.10 Sec. 6. Minnesota Statutes 2020, section 297A.67, subdivision 35, is amended to read:

70.11 Subd. 35. **Suite licenses.** The sale of the privilege of admission under section 297A.61,  
70.12 subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not  
70.13 include consideration paid for a license to use a private suite, private skybox, or private box  
70.14 seat, and the sale of the license is exempt provided that: (1) the lessee may use the private  
70.15 suite, private skybox, or private box seat by mutual arrangement with the lessor on days  
70.16 when there is no amusement or athletic event; and (2) the sales price for the privilege of  
70.17 admission ~~is separately stated and~~ is equal to or greater than the highest priced general  
70.18 admission ticket for the closest seat not in the private suite, private skybox, or private box  
70.19 seat.

70.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
70.21 30, 2022.

70.22 Sec. 7. Minnesota Statutes 2021 Supplement, section 297A.67, subdivision 38, is amended  
70.23 to read:

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

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

70.29 ~~(2) the consideration paid for the right to purchase is separately stated from the admission~~  
70.30 ~~price; and~~

70.31 ~~(3)~~ (2) the admission price is equal to or greater than the highest priced general admission  
70.32 ticket for the closest seat not in the preferred viewing location.

71.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 71.2 30, 2022.

71.3 Sec. 8. Minnesota Statutes 2020, section 297A.68, subdivision 25, is amended to read:

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

71.8 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,  
 71.9 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended  
 71.10 through December 16, 2016;

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

71.13 (3) the sale is between a sole member of a disregarded limited liability company and the  
 71.14 disregarded limited liability company;

71.15 ~~(3)~~ (4) the sale is a sale of farm machinery;

71.16 ~~(4)~~ (5) the sale is a farm auction sale;

71.17 ~~(5)~~ (6) the sale is a sale of substantially all of the assets of a trade or business; or

71.18 ~~(6)~~ (7) the total amount of gross receipts from the sale of trade or business property made  
 71.19 during the calendar month of the sale and the preceding 11 calendar months does not exceed  
 71.20 \$1,000.

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

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

71.24 (1) "Disregarded limited liability company" means a limited liability company that is  
 71.25 disregarded as an entity separate from its owner as defined in Code of Federal Regulations,  
 71.26 title 26, section 301.7701.

71.27 ~~(1)~~ (2) A "farm auction" is a public auction conducted by a licensed auctioneer if  
 71.28 substantially all of the property sold consists of property used in the trade or business of  
 71.29 farming and property not used primarily in a trade or business.

71.30 ~~(2)~~ (3) "Trade or business" includes the assets of a separate division, branch, or  
 71.31 identifiable segment of a trade or business if, before the sale, the income and expenses

72.1 attributable to the separate division, branch, or identifiable segment could be separately  
 72.2 ascertained from the books of account or record (the lease or rental of an identifiable segment  
 72.3 does not qualify for the exemption).

72.4 ~~(3)~~ (4) A "sale of substantially all of the assets of a trade or business" must occur as a  
 72.5 single transaction or a series of related transactions within the 12-month period beginning  
 72.6 on the date of the first sale of assets intended to qualify for the exemption provided in  
 72.7 paragraph (a), clause (5).

72.8 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 72.9 30, 2022.

72.10 Sec. 9. Minnesota Statutes 2020, section 297A.68, is amended by adding a subdivision to  
 72.11 read:

72.12 **Subd. 46. Amenities included with the privilege of admission.** (a) The sale of amenities,  
 72.13 including but not limited to food and beverages, parking services, and promotional items,  
 72.14 that are included in the sales price of the privilege of admission to athletic events and places  
 72.15 of amusement under section 297A.61, subdivision 3, paragraph (m), are exempt when sold  
 72.16 by a seller of the privilege of admission.

72.17 (b) Under this subdivision, the exempt portion of the sale of the privilege of admission  
 72.18 is equal to the purchase price of the amenity if sales or use tax was paid on the amenity  
 72.19 when purchased by the seller.

72.20 (c) The seller must retain records documenting the price and tax paid by the seller when  
 72.21 purchasing the amenities and the price and tax collected when the seller sells the privilege  
 72.22 of admission.

72.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 72.24 30, 2022.

72.25 Sec. 10. Minnesota Statutes 2020, section 297A.70, subdivision 21, is amended to read:

72.26 **Subd. 21. County agricultural society sales at county fairs.** (a) The following sales  
 72.27 by a county agricultural society during a regularly scheduled county fair are exempt. For  
 72.28 purposes of this subdivision, sales include:

72.29 (1) admissions to and parking at the county fairgrounds;

72.30 (2) admissions to separately ticketed events run by the county agricultural society; and



73.1 (3) concessions and other sales made by employees or volunteers of the county  
73.2 agricultural society on the county fairgrounds.

73.3 ~~This (b) The exemption under paragraph (a) does not apply to sales or for events by a~~  
73.4 ~~county agricultural society~~ held at a time other than at the time of the regularly scheduled  
73.5 county fair, or events not held on the county fairgrounds.

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

73.7 Sec. 11. Minnesota Statutes 2020, section 297A.70, is amended by adding a subdivision  
73.8 to read:

73.9 Subd. 22. Animal shelters. (a) For purposes of this subdivision, the term "animal shelter"  
73.10 means a nonprofit organization engaged in the business of rescuing, sheltering, and finding  
73.11 homes for unwanted animals.

73.12 (b) Purchases made by an animal shelter are exempt if the purchases are used directly  
73.13 in the activities of rescuing, sheltering, and finding homes for unwanted animals. The  
73.14 exemption under this paragraph does not apply to the following purchases:

73.15 (1) building, construction, or reconstruction materials purchased by a contractor or a  
73.16 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
73.17 maximum price covering both labor and materials for use in the construction, alteration, or  
73.18 repair of a building or facility;

73.19 (2) construction materials purchased by an animal shelter or the animal shelter's  
73.20 contractors to be used in constructing buildings or facilities that will not be used principally  
73.21 by the animal shelter;

73.22 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
73.23 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,  
73.24 subdivision 2; and

73.25 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

73.26 (c) The sale or adoption of unwanted animals by an animal shelter and the sale of  
73.27 associated animal supplies and equipment by an animal shelter are exempt.

73.28 (d) Sales made by and events run by an animal shelter for fund-raising purposes are  
73.29 exempt. Exempt sales include the sale of prepared food, candy, and soft drinks at a  
73.30 fund-raising event. The exemption under this paragraph is subject to the following limits:

73.31 (1) gross receipts from all fund-raising sales are taxable if the total fund-raising by the  
73.32 animal shelter exceeds 24 days per year;

74.1 (2) it does not apply to fund-raising events conducted on premises leased for more than  
 74.2 five days but less than 30 days; and

74.3 (3) it does not apply to admission charges for events involving bingo or other gambling  
 74.4 activities or to charges for use of amusement devices involving bingo or other gambling  
 74.5 activities.

74.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 74.7 30, 2022.

74.8 Sec. 12. Minnesota Statutes 2020, section 297A.71, subdivision 51, is amended to read:

74.9 Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used or  
 74.10 consumed in, and equipment incorporated into, the construction or replacement of real  
 74.11 property affected by, and capital equipment to replace equipment destroyed in, the fire on  
 74.12 March 11, 2018, in the city of Mazeppa are exempt. The tax must be imposed and collected  
 74.13 as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner  
 74.14 provided in section 297A.75. For purposes of this subdivision, "capital equipment" includes  
 74.15 durable equipment used in a restaurant for food storage, preparation, and serving.

74.16 (b) The exemption under this subdivision applies to sales and purchases made after  
 74.17 March 11, 2018, and before January 1, ~~2022~~ 2024.

74.18 **EFFECTIVE DATE.** This section is effective retroactively from March 11, 2018.

74.19 Sec. 13. Minnesota Statutes 2021 Supplement, section 297A.71, subdivision 52, is amended  
 74.20 to read:

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

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

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

74.30 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
 74.31 utility components, on or adjacent to the property on which the fire station or police station

75.1 are located that are necessary for safe access to and use of those buildings, in the city of  
75.2 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
75.3 before January 1, 2022;

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

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

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

75.11 (7) new construction, upgrades, and remodeling to the Itasca County courts and  
75.12 courthouse in conjunction and coordination with the new construction of a correctional  
75.13 facility, if materials, supplies, and equipment are purchased after April 30, 2021, and before  
75.14 January 1, 2025;

75.15 (8) the North Metro Regional Public Safety Training Facility in Maple Grove, if materials,  
75.16 supplies, and equipment are purchased after August 31, 2021, and before December 31,  
75.17 2023; and

75.18 (9) the following projects in Wayzata if materials, supplies, and equipment are purchased  
75.19 after March 31, 2020, and before January 1, 2025:

75.20 (i) expansion and remodeling of Depot Park;

75.21 (ii) construction of community docks for purposes of access from Lake Minnetonka;

75.22 (iii) construction of a lakeside boardwalk of approximately 1,500 lineal feet;

75.23 (iv) shoreline restoration, including installation of native plants, trees, and natural habitat;

75.24 (v) restoration of Section Foreman House, including installation of a learning center to  
75.25 provide indoor and outdoor classroom and community space;

75.26 (vi) construction of Eco Park, including shoreline restoration and marsh and water quality  
75.27 improvement, a pier extension of the lakeside boardwalk, and creation of eco-living  
75.28 classrooms;

75.29 (vii) construction of a public plaza with a restroom, 9/11 memorial, interactive water  
75.30 display, and gathering space;

75.31 (viii) construction of a regional multiuse trail; and

76.1 (ix) construction of railroad crossings.

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

76.4 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
76.5 \$850,000.

76.6 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
76.7 made during the periods indicated in paragraph (a), clauses (7) to (9).

76.8 Sec. 14. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision  
76.9 to read:

76.10 **Subd. 54. Construction materials purchased by contractors; exemption for certain**  
76.11 **projects at the Minneapolis-St. Paul International Airport.** (a) Materials and supplies  
76.12 used in, and equipment incorporated into, the construction, reconstruction, repair,  
76.13 maintenance, or improvement of public infrastructure at the Minneapolis-St. Paul  
76.14 International Airport purchased by a contractor or subcontractor for the following projects  
76.15 are exempt if purchased after June 30, 2022, and on or before December 31, 2024:

76.16 (1) security improvements to the rental automobile quick turn-around facility at Terminal  
76.17 1;

76.18 (2) replacing air handling units at Terminal 1 and Terminal 2;

76.19 (3) improvements to the C concourse loading dock at Terminal 1;

76.20 (4) lighting upgrades to LED;

76.21 (5) restroom upgrades at Terminal 1;

76.22 (6) renovation of mechanical rooms in Terminal 1, a MAC storage facility, and a liquid  
76.23 deicer storage facility;

76.24 (7) a new trades storage facility;

76.25 (8) new liquid deicer storage facility; and

76.26 (9) Terminal 1 passenger arrivals and departures replacement, rehabilitation, and  
76.27 operational improvements.

76.28 (b) The tax on purchases exempt under this subdivision must be imposed and collected  
76.29 as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner  
76.30 provided in section 297A.75.

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

77.2 Sec. 15. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 1, is amended  
77.3 to read:

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

77.7 (1) building materials for an agricultural processing facility exempt under section  
77.8 297A.71, subdivision 13;

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

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

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

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

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

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

77.19 (8) equipment and materials used for the generation, transmission, and distribution of  
77.20 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
77.21 37;

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

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

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

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

77.30 (13) materials, supplies, and equipment for qualifying capital projects under section  
77.31 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

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

78.3 (15) items and services purchased under a business subsidy agreement for use or  
78.4 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
78.5 44;

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

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

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

78.13 (19) building construction or reconstruction materials, supplies, and equipment purchased  
78.14 for qualifying projects at the Minneapolis-St. Paul International Airport under section  
78.15 297A.71, subdivision 54.

78.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
78.17 30, 2022.

78.18 Sec. 16. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 2, is amended  
78.19 to read:

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

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

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

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

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

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

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

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

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

79.5 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
79.6 building or project; and

79.7 (10) for subdivision 1, clause (19), the applicant must be an airport commission.

79.8 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
79.9 30, 2022.

79.10 Sec. 17. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 3, is amended  
79.11 to read:

79.12 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
79.13 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
79.14 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(18)~~ (19), the contractor,  
79.15 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
79.16 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
79.17 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
79.18 this section.

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

79.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
79.22 30, 2022.

79.23 Sec. 18. Minnesota Statutes 2020, section 297A.94, is amended to read:

79.24 **297A.94 DEPOSIT OF REVENUES.**

79.25 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
79.26 including interest and penalties, derived from the taxes imposed by this chapter in the state  
79.27 treasury and credit them to the general fund.

79.28 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
79.29 account in the special revenue fund if:

79.30 (1) the taxes are derived from sales and use of property and services purchased for the  
79.31 construction and operation of an agricultural resource project; and

80.1 (2) the purchase was made on or after the date on which a conditional commitment was  
80.2 made for a loan guaranty for the project under section 41A.04, subdivision 3.

80.3 The commissioner of management and budget shall certify to the commissioner the date on  
80.4 which the project received the conditional commitment. The amount deposited in the loan  
80.5 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
80.6 of Revenue to administer and enforce the assessment and collection of the taxes.

80.7 (c) The commissioner shall deposit the revenues, including interest and penalties, derived  
80.8 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,  
80.9 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

80.10 (1) first to the general obligation special tax bond debt service account in each fiscal  
80.11 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

80.12 (2) after the requirements of clause (1) have been met, the balance to the general fund.

80.13 (d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit  
80.14 in the state treasury the revenues collected under section 297A.64, subdivision 1, including  
80.15 interest and penalties and minus refunds, and credit them to the highway user tax distribution  
80.16 fund.

80.17 (e) The commissioner shall deposit the revenues, including interest and penalties,  
80.18 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
80.19 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
80.20 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
80.21 subdivision 5, for the previous calendar year.

80.22 (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit  
80.23 of revenues under paragraph (d), the commissioner shall deposit into the state treasury and  
80.24 credit to the highway user tax distribution fund an amount equal to the estimated revenues  
80.25 derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or  
80.26 rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The  
80.27 commissioner shall estimate the amount of sales tax revenue deposited under this paragraph  
80.28 based on the amount of revenue deposited under paragraph (d).

80.29 (g) Starting after July 1, 2017, the commissioner shall deposit an amount of the  
80.30 remittances monthly into the state treasury and credit them to the highway user tax  
80.31 distribution fund as a portion of the estimated amount of taxes collected from the sale and  
80.32 purchase of motor vehicle repair parts in that month. For the remittances between July 1,  
80.33 2017, and June 30, 2019, the monthly deposit amount is \$2,628,000. For remittances in



81.1 each subsequent fiscal year, the monthly deposit amount is \$12,137,000. For purposes of  
81.2 this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11,  
81.3 and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories,  
81.4 and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle  
81.5 maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor  
81.6 vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph,  
81.7 "tire" means any tire of the type used on highway vehicles, if wholly or partially made of  
81.8 rubber and if marked according to federal regulations for highway use.

81.9 (h) 72.43 percent of the revenues, including interest and penalties, transmitted to the  
81.10 commissioner under section 297A.65, must be deposited by the commissioner in the state  
81.11 treasury as follows:

81.12 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in  
81.13 the game and fish fund, and may be spent only on activities that improve, enhance, or protect  
81.14 fish and wildlife resources, including conservation, restoration, and enhancement of land,  
81.15 water, and other natural resources of the state;

81.16 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
81.17 be spent only for state parks and trails;

81.18 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
81.19 be spent only on metropolitan park and trail grants;

81.20 (4) three percent of the receipts must be deposited in the natural resources fund, and  
81.21 may be spent only on local trail grants; and

81.22 (5) two percent of the receipts must be deposited in the natural resources fund, and may  
81.23 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,  
81.24 and the Duluth Zoo.

81.25 (i) The revenue dedicated under paragraph (h) may not be used as a substitute for  
81.26 traditional sources of funding for the purposes specified, but the dedicated revenue shall  
81.27 supplement traditional sources of funding for those purposes. Land acquired with money  
81.28 deposited in the game and fish fund under paragraph (h) must be open to public hunting  
81.29 and fishing during the open season, except that in aquatic management areas or on lands  
81.30 where angling easements have been acquired, fishing may be prohibited during certain times  
81.31 of the year and hunting may be prohibited. At least 87 percent of the money deposited in  
81.32 the game and fish fund for improvement, enhancement, or protection of fish and wildlife  
81.33 resources under paragraph (h) must be allocated for field operations.

82.1 (j) The commissioner must deposit the revenues, including interest and penalties minus  
 82.2 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,  
 82.3 that may be sold to persons 18 years old or older and that are not prohibited from use by  
 82.4 the general public under section 624.21, in the state treasury and credit:

82.5 (1) 25 percent to the volunteer fire assistance grant account established under section  
 82.6 88.068;

82.7 (2) 25 percent to the fire safety account established under section 297I.06, subdivision  
 82.8 3; and

82.9 (3) the remainder to the general fund.

82.10 For purposes of this paragraph, the percentage of total sales and use tax revenue derived  
 82.11 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be  
 82.12 sold to persons 18 years old or older and are not prohibited from use by the general public  
 82.13 under section 624.21, is a set percentage of the total sales and use tax revenues collected in  
 82.14 the state, with the percentage determined under Laws 2017, First Special Session chapter  
 82.15 1, article 3, section 39.

82.16 (k) Beginning in 2023, by June 30, the commissioner shall deposit revenues, including  
 82.17 interest and penalties, derived from taxes on sales and purchases made at the National Sports  
 82.18 Center in Blaine, in the amateur sports account in the special revenue fund.

82.19 ~~(l)~~ (l) The revenues deposited under paragraphs (a) to ~~(j)~~ (k) do not include the revenues,  
 82.20 including interest and penalties, generated by the sales tax imposed under section 297A.62,  
 82.21 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,  
 82.22 article XI, section 15.

82.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 82.24 30, 2022.

82.25 **Sec. 19. SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.**

82.26 Subdivision 1. Exemption. Notwithstanding Minnesota Statutes, section 297A.67,  
 82.27 subdivision 15, clause (2), fees related to natural gas sold for residential use to customers  
 82.28 who were metered and billed as residential users and who used natural gas for their primary  
 82.29 source of residential heat are exempt for purposes of the billing periods May to October,  
 82.30 provided that:

83.1 (1) the fee for the natural gas is subject to a cost recovery plan for the price increase in  
83.2 natural gas during the period February 13, 2021, to February 17, 2021, identified in docket  
83.3 G-999/CI-21-135 before the Minnesota Public Utilities Commission; and

83.4 (2) the fee is separately stated and labeled as a fee pursuant to a cost recovery plan under  
83.5 clause (1).

83.6 Subd. 2. **Application; refund.** (a) By October 1, 2022, each utility must apply to the  
83.7 commissioner of revenue for a refund of sales taxes collected and remitted pursuant to  
83.8 Minnesota Statutes, section 297A.77, on fees for sales and purchases of natural gas subject  
83.9 to a cost recovery plan under subdivision 1, clause (1), that were added to residential  
83.10 customers' bills for the period beginning September 1, 2021, and ending June 30, 2022.

83.11 (b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, except for  
83.12 paragraph (c), apply to refunds issued under this subdivision. For purposes of this subdivision,  
83.13 "utility" means a utility subject to the cost recovery plan under subdivision 1, clause (1).  
83.14 Within 90 days after the date the commissioner issues the refund under Minnesota Statutes,  
83.15 section 289A.50, subdivision 2, paragraph (a), to the utility, the utility must provide a plan  
83.16 to the Minnesota Public Utilities Commission for crediting taxes exempt under subdivision  
83.17 1 to residential customers.

83.18 (c) The plan must be approved by the Minnesota Public Utilities Commission. Any  
83.19 amount not refunded or credited to a residential customer by a utility within 60 days of  
83.20 approval of the plan must be returned to the commissioner by the utility.

83.21 **EFFECTIVE DATE.** This section is effective retroactively for fees applied to sales  
83.22 and purchases of natural gas that are billed from September 1, 2021, to December 31, 2026.

83.23 Sec. 20. **CHISHOLM PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
83.24 **CONSTRUCTION MATERIALS.**

83.25 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
83.26 incorporated into the construction and renovation projects for Chisholm Elementary School,  
83.27 Chisholm High School, and Vaughan Steffensrud School in Independent School District  
83.28 No. 695, Chisholm Public Schools, are exempt from sales and use tax imposed under  
83.29 Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after  
83.30 December 31, 2021, and before January 1, 2025.

83.31 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
83.32 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects

84.1 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
84.2 purchases must not be issued until after June 30, 2022.

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

84.5 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and  
84.6 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

84.7 Sec. 21. **DULUTH PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
84.8 **CONSTRUCTION MATERIALS.**

84.9 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
84.10 incorporated into the construction of an administrative building and a transportation facility  
84.11 in Independent School District No. 709, Duluth Public Schools, are exempt from sales and  
84.12 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and  
84.13 equipment are purchased after June 30, 2021, and before January 1, 2025.

84.14 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
84.15 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
84.16 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
84.17 purchases must not be issued until after June 30, 2022.

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

84.20 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2021, and  
84.21 applies to sales and purchases made after June 30, 2021, and before January 1, 2025.

84.22 Sec. 22. **NASHWAUK-KEEWATIN PUBLIC SCHOOLS; SALES TAX EXEMPTION**  
84.23 **FOR CONSTRUCTION MATERIALS.**

84.24 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
84.25 incorporated into the construction of a new school building and attached community wellness  
84.26 center to replace Keewatin Elementary School and the Nashwauk High School in Independent  
84.27 School District No. 319, Nashwauk-Keewatin Public Schools, are exempt from sales and  
84.28 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and  
84.29 equipment are purchased after December 31, 2021, and before January 1, 2025.

84.30 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
84.31 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects

85.1 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
 85.2 purchases must not be issued until after June 30, 2022.

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

85.5 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and  
 85.6 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

85.7 Sec. 23. **ELY PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
 85.8 **CONSTRUCTION MATERIALS.**

85.9 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
 85.10 incorporated into the following projects in Independent School District No. 696, Ely Public  
 85.11 Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter  
 85.12 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before  
 85.13 January 1, 2024:

85.14 (1) renovations to the elementary school building and high school building; and

85.15 (2) construction of a building that connects the elementary school and high school  
 85.16 buildings, containing classrooms, a common area, gymnasium, and administrative offices.

85.17 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
 85.18 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
 85.19 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
 85.20 purchases must not be issued until after June 30, 2022.

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

85.23 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and  
 85.24 applies to sales and purchases made after May 1, 2019, and before January 1, 2024.

85.25 Sec. 24. **HIBBING PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
 85.26 **CONSTRUCTION MATERIALS.**

85.27 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
 85.28 incorporated into the following projects in the city of Hibbing are exempt from sales and  
 85.29 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and  
 85.30 equipment are purchased after May 1, 2019, and before January 1, 2025:

86.1 (1) the addition of an Early Childhood Family Education Center to an existing elementary  
86.2 school; and

86.3 (2) improvements to an existing athletic facility in Independent School District No. 701,  
86.4 Hibbing Public Schools.

86.5 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
86.6 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
86.7 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
86.8 purchases must not be issued until after June 30, 2022.

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

86.11 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and  
86.12 applies to sales and purchases made after May 1, 2019, and before January 1, 2025.

86.13 Sec. 25. **ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**  
86.14 **CONSTRUCTION MATERIALS.**

86.15 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
86.16 incorporated into the construction of two new elementary school buildings and a new high  
86.17 school building in Independent School District No. 2909, Rock Ridge Public Schools, are  
86.18 exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials,  
86.19 supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024.

86.20 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
86.21 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
86.22 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
86.23 purchases must not be issued until after June 30, 2022.

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

86.26 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and  
86.27 applies to sales and purchases made after May 1, 2019, and before January 1, 2024.

86.28 Sec. 26. **NORTHLAND LEARNING CENTER; SALES TAX EXEMPTION FOR**  
86.29 **CONSTRUCTION MATERIALS.**

86.30 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
86.31 incorporated into the renovation and addition to the James Madison Building for Northland

87.1 Learning Center, No. 6076, are exempt from sales and use tax imposed under Minnesota  
 87.2 Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December  
 87.3 31, 2021, and before January 1, 2025.

87.4 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
 87.5 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
 87.6 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
 87.7 purchases must not be issued until after June 30, 2022.

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

87.10 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and  
 87.11 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

87.12 Sec. 27. **NORTHERN LIGHTS ACADEMY; SALES TAX EXEMPTION FOR**  
 87.13 **CONSTRUCTION MATERIALS.**

87.14 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment  
 87.15 incorporated into the construction of a new building for special education cooperative No.  
 87.16 6096, Northern Lights Academy, are exempt from sales and use tax imposed under Minnesota  
 87.17 Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December  
 87.18 31, 2021, and before January 1, 2025.

87.19 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
 87.20 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects  
 87.21 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
 87.22 purchases must not be issued until after June 30, 2022.

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

87.25 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2022, and  
 87.26 applies to sales and purchases made after December 31, 2021, and before January 1, 2025.

87.27 **ARTICLE 4**  
 87.28 **PROPERTY TAXES**

87.29 Section 1. Minnesota Statutes 2020, section 123B.595, subdivision 3, is amended to read:

87.30 Subd. 3. **Intermediate districts and other cooperative units.** (a) Upon approval through  
 87.31 the adoption of a resolution by each member district school board of an intermediate district

88.1 or other cooperative ~~units~~ unit under section 123A.24, subdivision 2, or a joint powers  
 88.2 district under section 471.59, and the approval of the commissioner of education, a school  
 88.3 district may include in its authority under this section a proportionate share of the long-term  
 88.4 maintenance costs of the intermediate district ~~or,~~ cooperative unit, or joint powers district.  
 88.5 The cooperative unit or joint powers district may issue bonds to finance the project costs  
 88.6 or levy for the costs; using long-term maintenance revenue transferred from member districts  
 88.7 to make debt service payments or pay project costs or, for leased facilities, pay the portion  
 88.8 of lease costs attributable to the amortized cost of long-term facilities maintenance projects  
 88.9 completed by the landlord. Authority under this subdivision is in addition to the authority  
 88.10 for individual district projects under subdivision 1.

88.11 (b) The resolution adopted under paragraph (a) may specify which member districts will  
 88.12 share the project costs under this subdivision, except that debt service payments for bonds  
 88.13 issued by a cooperative unit or joint powers district to finance long-term maintenance project  
 88.14 costs must be the responsibility of all member districts.

88.15 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2024 and later.

88.16 Sec. 2. Minnesota Statutes 2021 Supplement, section 126C.10, subdivision 2e, is amended  
 88.17 to read:

88.18 Subd. 2e. **Local optional revenue.** (a) For fiscal year 2021 and later, local optional  
 88.19 revenue for a school district equals the sum of the district's first tier local optional revenue  
 88.20 and second tier local optional revenue. A district's first tier local optional revenue equals  
 88.21 \$300 times the adjusted pupil units of the district for that school year. A district's second  
 88.22 tier local optional revenue equals \$424 times the adjusted pupil units of the district for that  
 88.23 school year.

88.24 (b) For fiscal year 2021 and later, a district's local optional levy equals the sum of the  
 88.25 first tier local optional levy and the second tier local optional levy.

88.26 (c) For fiscal years 2022 and 2023, a district's first tier local optional levy equals the  
 88.27 district's first tier local optional revenue times the lesser of one or the ratio of the district's  
 88.28 referendum market value per resident pupil unit to \$880,000. For fiscal year 2024 and later,  
 88.29 a district's first tier local optional levy equals the district's first tier local optional revenue  
 88.30 times the lesser of one or the ratio of the district's referendum market value per resident  
 88.31 pupil unit to 154.79 percent of the local optional revenue equalizing factor defined in  
 88.32 paragraph (d).



89.1 (d) A district's local optional revenue equalizing factor equals the quotient derived by  
 89.2 dividing the referendum market value of all school districts in the state for the year before  
 89.3 the year the levy is certified by the total number of resident pupil units in all school districts  
 89.4 in the state in the year before the year the levy is certified.

89.5 ~~(d)~~ (e) For fiscal year 2022, a district's second tier local optional levy equals the district's  
 89.6 second tier local optional revenue times the lesser of one or the ratio of the district's  
 89.7 referendum market value per resident pupil unit to \$510,000. For fiscal year 2023, a district's  
 89.8 second tier local optional levy equals the district's second tier local optional revenue times  
 89.9 the lesser of one or the ratio of the district's referendum market value per resident pupil unit  
 89.10 to \$548,842. For fiscal year 2024 and later, a district's second tier local optional levy equals  
 89.11 the district's second tier local optional revenue times the lesser of one or the ratio of the  
 89.12 district's referendum market value per resident pupil unit to \$510,000.

89.13 ~~(e)~~ (f) The local optional levy must be spread on referendum market value. A district  
 89.14 may levy less than the permitted amount.

89.15 ~~(f)~~ (g) A district's local optional aid equals its local optional revenue minus its local  
 89.16 optional levy. If a district's actual levy for first or second tier local optional revenue is less  
 89.17 than its maximum levy limit for that tier, its aid must be proportionately reduced.

89.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

89.19 Sec. 3. Minnesota Statutes 2020, section 126C.40, subdivision 1, is amended to read:

89.20 Subdivision 1. **To lease building or land.** (a) When an independent or a special school  
 89.21 district or a group of independent or special school districts finds it economically  
 89.22 advantageous to rent or lease a building or land for any instructional purposes or for school  
 89.23 storage or furniture repair, and it determines that the operating capital revenue authorized  
 89.24 under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the  
 89.25 commissioner for permission to make an additional capital expenditure levy for this purpose.  
 89.26 An application for permission to levy under this subdivision must contain financial  
 89.27 justification for the proposed levy, the terms and conditions of the proposed lease, and a  
 89.28 description of the space to be leased and its proposed use.

89.29 (b) The criteria for approval of applications to levy under this subdivision must include:  
 89.30 the reasonableness of the price, the appropriateness of the space to the proposed activity,  
 89.31 the feasibility of transporting pupils to the leased building or land, conformity of the lease  
 89.32 to the laws and rules of the state of Minnesota, and the appropriateness of the proposed  
 89.33 lease to the space needs and the financial condition of the district. The commissioner must

90.1 not authorize a levy under this subdivision in an amount greater than the cost to the district  
90.2 of renting or leasing a building or land for approved purposes. The proceeds of this levy  
90.3 must not be used for custodial or other maintenance services. A district may not levy under  
90.4 this subdivision for the purpose of leasing or renting a district-owned building or site to  
90.5 itself.

90.6 (c) For agreements finalized after July 1, 1997, a district may not levy under this  
90.7 subdivision for the purpose of leasing: (1) a newly constructed building used primarily for  
90.8 regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed  
90.9 building addition or additions used primarily for regular kindergarten, elementary, or  
90.10 secondary instruction that contains more than 20 percent of the square footage of the  
90.11 previously existing building.

90.12 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the  
90.13 purpose of leasing or renting a district-owned building or site to itself only if the amount is  
90.14 needed by the district to make payments required by a lease purchase agreement, installment  
90.15 purchase agreement, or other deferred payments agreement authorized by law, and the levy  
90.16 meets the requirements of paragraph (c). A levy authorized for a district by the commissioner  
90.17 under this paragraph may be in the amount needed by the district to make payments required  
90.18 by a lease purchase agreement, installment purchase agreement, or other deferred payments  
90.19 agreement authorized by law, provided that any agreement include a provision giving the  
90.20 school districts the right to terminate the agreement annually without penalty.

90.21 (e) The total levy under this subdivision for a district for any year must not exceed \$212  
90.22 times the adjusted pupil units for the fiscal year to which the levy is attributable.

90.23 (f) For agreements for which a review and comment have been submitted to the  
90.24 Department of Education after April 1, 1998, the term "instructional purpose" as used in  
90.25 this subdivision excludes expenditures on stadiums.

90.26 (g) The commissioner of education may authorize a school district to exceed the limit  
90.27 in paragraph (e) if the school district petitions the commissioner for approval. The  
90.28 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)  
90.29 for not more than five years if the district meets the following criteria:

90.30 (1) the school district has been experiencing pupil enrollment growth in the preceding  
90.31 five years;

90.32 (2) the purpose of the increased levy is in the long-term public interest;

90.33 (3) the purpose of the increased levy promotes collocation of government services; and

91.1 (4) the purpose of the increased levy is in the long-term interest of the district by avoiding  
91.2 over construction of school facilities.

91.3 (h) A school district that is a member of an intermediate school district or other  
91.4 cooperative unit under section 123A.24, subdivision 2, or a joint powers district under  
91.5 section 471.59 may include in its authority under this section the costs associated with leases  
91.6 of administrative and classroom space for ~~intermediate school district~~ programs of the  
91.7 intermediate school district or other cooperative unit under section 123A.24, subdivision  
91.8 2, or joint powers district under section 471.59. This authority must not exceed \$65 times  
91.9 the adjusted pupil units of the member districts. This authority is in addition to any other  
91.10 authority authorized under this section. The intermediate school district, other cooperative  
91.11 unit, or joint powers district may specify which member districts will levy for lease costs  
91.12 under this paragraph.

91.13 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012  
91.14 to 2023, a district that is a member of the "Technology and Information Education Systems"  
91.15 data processing joint board, that finds it economically advantageous to enter into a lease  
91.16 agreement to finance improvements to a building and land for a group of school districts  
91.17 or special school districts for staff development purposes, may levy for its portion of lease  
91.18 costs attributed to the district within the total levy limit in paragraph (e). The total levy  
91.19 authority under this paragraph shall not exceed \$632,000.

91.20 (j) Notwithstanding paragraph (a), a district may levy under this subdivision for the  
91.21 purpose of leasing administrative space if the district can demonstrate to the satisfaction of  
91.22 the commissioner that the lease cost for the administrative space is no greater than the lease  
91.23 cost for instructional space that the district would otherwise lease. The commissioner must  
91.24 deny this levy authority unless the district passes a resolution stating its intent to lease  
91.25 instructional space under this section if the commissioner does not grant authority under  
91.26 this paragraph. The resolution must also certify that the lease cost for administrative space  
91.27 under this paragraph is no greater than the lease cost for the district's proposed instructional  
91.28 lease.

91.29 (k) Notwithstanding paragraph (a), a district may levy under this subdivision for the  
91.30 district's proportionate share of deferred maintenance expenditures for a district-owned  
91.31 building or site leased to a cooperative unit under section 123A.24, subdivision 2, or a joint  
91.32 powers district under section 471.59 for any instructional purposes or for school storage.

91.33 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2024 and later.

92.1 Sec. 4. Minnesota Statutes 2020, section 272.01, subdivision 2, is amended to read:

92.2 Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or  
 92.3 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased,  
 92.4 loaned, or otherwise made available and used by a private individual, association, or  
 92.5 corporation in connection with a business conducted for profit, there shall be imposed a  
 92.6 tax, for the privilege of so using or possessing such real or personal property, in the same  
 92.7 amount and to the same extent as though the lessee or user was the owner of such property.

92.8 (b) The tax imposed by this subdivision shall not apply to:

92.9 (1) property leased or used as a concession in or relative to the use in whole or part of  
 92.10 a public park, market, fairgrounds, port authority, economic development authority  
 92.11 established under chapter 469, municipal auditorium, municipal parking facility, municipal  
 92.12 museum, or municipal stadium;

92.13 (2) except as provided in paragraph (c), property of an airport owned by a city, town,  
 92.14 county, or group thereof which is:

92.15 (i) leased to or used by any person or entity including a fixed base operator; and

92.16 (ii) used as a hangar for the storage ~~or~~, repair, or manufacture of aircraft or to provide  
 92.17 aviation goods, services, or facilities to the airport or general public;

92.18 ~~the exception from taxation provided in this clause does not apply to:~~

92.19 ~~(i) property located at an airport owned or operated by the Metropolitan Airports~~  
 92.20 ~~Commission or by a city of over 50,000 population according to the most recent federal~~  
 92.21 ~~census or such a city's airport authority; or~~

92.22 ~~(ii) hangars leased by a private individual, association, or corporation in connection with~~  
 92.23 ~~a business conducted for profit other than an aviation-related business;~~

92.24 (3) property constituting or used as a public pedestrian ramp or concourse in connection  
 92.25 with a public airport;

92.26 (4) except as provided in paragraph (d), property constituting or used as a passenger  
 92.27 check-in area or ticket sale counter, boarding area, or luggage claim area in connection with  
 92.28 a public airport ~~but not the airports owned or operated by the Metropolitan Airports~~  
 92.29 ~~Commission or cities of over 50,000 population or an airport authority therein. Real estate~~  
 92.30 ~~owned by a municipality in connection with the operation of a public airport and leased or~~  
 92.31 ~~used for agricultural purposes is not exempt;~~

93.1 (5) property leased, loaned, or otherwise made available to a private individual,  
 93.2 corporation, or association under a cooperative farming agreement made pursuant to section  
 93.3 97A.135; or

93.4 (6) property leased, loaned, or otherwise made available to a private individual,  
 93.5 corporation, or association under section 272.68, subdivision 4.

93.6 (c) The exception from taxation provided in paragraph (b), clause (2), does not apply  
 93.7 to:

93.8 (1) property located at an airport owned or operated by:

93.9 (i) the Metropolitan Airports Commission; or

93.10 (ii) a city of over 50,000 population according to the most recent federal census or such  
 93.11 a city's airport authority, except that, when calculating the tax imposed by this subdivision  
 93.12 for property taxes payable in 2023 through 2030, the net tax capacity of such property is  
 93.13 reduced by 50 percent if it is owned or operated by a city over 50,000 but under 150,000  
 93.14 in population according to the most recent federal census or such a city's airport authority;  
 93.15 or

93.16 (2) hangars leased by a private individual, association, or corporation in connection with  
 93.17 a business conducted for profit other than an aviation-related business.

93.18 (d) The exception from taxation provided in paragraph (b), clause (4), does not apply  
 93.19 to:

93.20 (1) the property described in paragraph (b), clause (4), at airports that are owned or  
 93.21 operated by:

93.22 (i) the Metropolitan Airports Commission; or

93.23 (ii) a city of over 50,000 population or an airport authority therein, except that, when  
 93.24 calculating the tax imposed by this subdivision for property taxes payable in 2023 through  
 93.25 2030, the net tax capacity of such property is reduced by 50 percent if it is owned or operated  
 93.26 by a city over 50,000 but under 150,000 in population according to the most recent federal  
 93.27 census or such a city's airport authority; or

93.28 (2) real estate owned by a municipality in connection with the operation of a public  
 93.29 airport and leased or used for agricultural purposes.

93.30 ~~(e)~~ (e) Taxes imposed by this subdivision are payable as in the case of personal property  
 93.31 taxes and shall be assessed to the lessees or users of real or personal property in the same  
 93.32 manner as taxes assessed to owners of real or personal property, except that such taxes shall

94.1 not become a lien against the property. When due, the taxes shall constitute a debt due from  
 94.2 the lessee or user to the state, township, city, county, and school district for which the taxes  
 94.3 were assessed and shall be collected in the same manner as personal property taxes. If  
 94.4 property subject to the tax imposed by this subdivision is leased or used jointly by two or  
 94.5 more persons, each lessee or user shall be jointly and severally liable for payment of the  
 94.6 tax.

94.7 ~~(d)~~ (f) The tax on real property of the federal government, the state or any of its political  
 94.8 subdivisions that is leased, loaned, or otherwise made available to a private individual,  
 94.9 association, or corporation and becomes taxable under this subdivision or other provision  
 94.10 of law must be assessed and collected as a personal property assessment. The taxes do not  
 94.11 become a lien against the real property.

94.12 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 94.13 in 2023.

94.14 Sec. 5. Minnesota Statutes 2020, section 272.02, subdivision 98, is amended to read:

94.15 Subd. 98. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

94.16 (1) was classified as 3a under section 273.13, subdivision 24, for taxes payable in 2013;

94.17 (2) is located in a city of the first class with a population greater than 300,000 as of the  
 94.18 2010 federal census;

94.19 (3) was on January 2, 2012, and is for the current assessment owned by a federally  
 94.20 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;  
 94.21 and

94.22 (4) is used exclusively for tribal purposes or institutions of purely public charity as  
 94.23 defined in subdivision 7.

94.24 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined  
 94.25 in subdivision 8 and includes noncommercial tribal government activities. Property that  
 94.26 qualifies for the exemption under this subdivision is limited to no more than two contiguous  
 94.27 parcels and structures that do not exceed in the aggregate 20,000 square feet. Property  
 94.28 acquired for single-family housing, market-rate apartments, agriculture, or forestry does  
 94.29 not qualify for this exemption. The exemption created by this subdivision expires with taxes  
 94.30 payable in ~~2024~~ 2032.

94.31 (c) Property exempt under this section is exempt from the requirements of section  
 94.32 272.025.

95.1 (d) By September 1, 2022, property taxes paid on property exempt under this section  
95.2 for taxes payable in 2022 shall be refunded by the county, except that refunds of any state  
95.3 general tax paid shall be refunded by the commissioner of revenue. The county may collect  
95.4 from other local taxing jurisdictions the amount of property taxes paid and remitted to the  
95.5 jurisdiction that is to be refunded under this paragraph.

95.6 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2022.

95.7 Sec. 6. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to  
95.8 read:

95.9 Subd. 105. **Elderly living facility.** (a) An elderly living facility is exempt from taxation  
95.10 if it meets all of the following requirements:

95.11 (1) the facility is located in a city of the first class with a population of fewer than  
95.12 110,000;

95.13 (2) the facility is owned and operated by a nonprofit organization organized under section  
95.14 501(c)(3) of the Internal Revenue Code;

95.15 (3) construction of the facility was completed between January 1, 1963, and January 1,  
95.16 1964;

95.17 (4) the facility is an assisted living facility licensed by the state of Minnesota;

95.18 (5) residents of the facility must be (i) at least 55 years of age, or (ii) disabled; and

95.19 (6) at least 30 percent of the units in the facility are occupied by persons whose annual  
95.20 income does not exceed 50 percent of the median family income for the area.

95.21 (b) The exemption created by this subdivision expires with taxes payable in 2030.

95.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023  
95.23 and thereafter.

95.24 Sec. 7. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to  
95.25 read:

95.26 Subd. 106. **Energy storage systems.** (a) Personal property consisting of an energy  
95.27 storage system is exempt. For the purposes of this subdivision, "energy storage system" has  
95.28 the meaning given in section 216B.2422, subdivision 1, paragraph (f).

95.29 (b) A taxpayer requesting an exemption under this subdivision must file an application  
95.30 with the commissioner of revenue. The commissioner shall prescribe the content, format,

96.1 and manner of the application pursuant to section 270C.30, except that a "law administered  
96.2 by the commissioner" includes the property tax laws. In determining eligibility for the  
96.3 exemption under this section, the commissioner of revenue may request information and  
96.4 advice from the commissioner of commerce. On determining that property qualifies for  
96.5 exemption, the commissioner of revenue shall issue an order exempting the property from  
96.6 taxation. The commissioner of revenue shall develop an electronic means to notify interested  
96.7 parties when the commissioner has issued an order exempting property from taxation under  
96.8 this section. The energy storage system shall continue to be exempt from taxation as long  
96.9 as the order issued by the commissioner of revenue remains in effect.

96.10 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

96.11 Sec. 8. Minnesota Statutes 2020, section 272.025, subdivision 1, is amended to read:

96.12 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by  
96.13 the state of Minnesota or any political subdivision thereof, a taxpayer claiming an exemption  
96.14 from taxation on property described in section 272.02 must file a statement of exemption  
96.15 with the assessor of the assessment district in which the property is located. By January 2,  
96.16 2018, and each third year thereafter, the commissioner of revenue shall publish on its website  
96.17 a list of the exemptions for which a taxpayer claiming an exemption must file a statement  
96.18 of exemption. The commissioner's requirement that a taxpayer file a statement of exemption  
96.19 pursuant to this subdivision shall not be considered a rule and is not subject to the  
96.20 Administrative Procedure Act, chapter 14.

96.21 (b) A taxpayer claiming an exemption from taxation on property described in section  
96.22 272.02, ~~subdivision~~ subdivisions 10 and 106, must file a statement of exemption with the  
96.23 commissioner of revenue, on or before February 15 of each year for which the taxpayer  
96.24 claims an exemption.

96.25 (c) In case of sickness, absence or other disability or for good cause, the assessor or the  
96.26 commissioner may extend the time for filing the statement of exemption for a period not to  
96.27 exceed 60 days.

96.28 (d) The commissioner of revenue shall prescribe the content, format, and manner of the  
96.29 statement of exemption pursuant to section 270C.30, except that a "law administered by  
96.30 the commissioner" includes the property tax laws.

96.31 (e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant  
96.32 to section 270C.304, except that a "law administered by the commissioner" includes the  
96.33 property tax laws.



97.1 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023  
97.2 and thereafter.

97.3 Sec. 9. Minnesota Statutes 2021 Supplement, section 272.0295, subdivision 2, is amended  
97.4 to read:

97.5 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy  
97.6 generating system" means a set of devices whose primary purpose is to produce electricity  
97.7 by means of any combination of collecting, transferring, or converting solar generated  
97.8 energy.

97.9 (b) The total size of a solar energy generating system under this subdivision shall be  
97.10 determined according to this paragraph. Unless the systems are interconnected with different  
97.11 distribution systems, the nameplate capacity of a solar energy generating system shall be  
97.12 combined with the nameplate capacity of any other solar energy generating system that:

97.13 (1) is constructed within the same 12-month period as the solar energy generating system;  
97.14 and

97.15 (2) exhibits characteristics at the time of development of being a single development,  
97.16 including but not limited to ownership structure, an umbrella sales arrangement, shared  
97.17 interconnection, revenue-sharing arrangements, and common debt or equity financing.

97.18 In the case of a dispute, the commissioner of commerce shall determine the total size of the  
97.19 system and shall draw all reasonable inferences in favor of combining the systems. In  
97.20 determining the total size of the system, the commissioner of commerce shall determine  
97.21 that a solar energy generating system with an application for an interconnection agreement  
97.22 submitted on or after September 25, 2015, pursuant to section 216B.1641, with the public  
97.23 utility subject to section 116C.779, is considered to be a solar energy generating system  
97.24 with a capacity of one megawatt alternating current or less and is exempt from the tax  
97.25 imposed by this section.

97.26 For the purposes of making a determination under this paragraph, the original construction  
97.27 date of an existing solar energy conversion system is not changed if the system is replaced,  
97.28 repaired, or otherwise maintained or altered.

97.29 (c) In making a determination under paragraph (b), the commissioner of commerce may  
97.30 determine that two solar energy generating systems are under common ownership when the  
97.31 underlying ownership structure contains similar persons or entities, even if the ownership  
97.32 shares differ between the two systems. Solar energy generating systems are not under

98.1 common ownership solely because the same person or entity provided equity financing for  
98.2 the systems.

98.3 **EFFECTIVE DATE.** This section is effective for reports filed beginning in 2023.

98.4 Sec. 10. Minnesota Statutes 2020, section 273.032, is amended to read:

98.5 **273.032 MARKET VALUE DEFINITION.**

98.6 (a) Unless otherwise provided, for the purpose of determining any property tax levy  
98.7 limitation based on market value or any limit on net debt, the issuance of bonds, certificates  
98.8 of indebtedness, or capital notes based on market value, any qualification to receive state  
98.9 aid based on market value, or any state aid amount based on market value, the terms "market  
98.10 value," "estimated market value," and "market valuation," whether equalized or unequalized,  
98.11 mean the estimated market value of taxable property within the local unit of government  
98.12 before any of the following or similar adjustments for:

98.13 (1) the market value exclusions under:

98.14 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

98.15 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

98.16 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

98.17 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

98.18 (v) section 273.13, subdivision 34 (homestead of a veteran with a disability or family  
98.19 caregiver); ~~or~~

98.20 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

98.21 (vii) section 273.13, subdivision 36 (affordable housing market value exclusion); or

98.22 (2) the deferment of value under:

98.23 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

98.24 (ii) the Aggregate Resource Preservation Law, section 273.1115;

98.25 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

98.26 (iv) the rural preserves property tax program, section 273.114; or

98.27 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

98.28 (3) the adjustments to tax capacity for:

98.29 (i) tax increment financing under sections 469.174 to 469.1794;

99.1 (ii) fiscal disparities under chapter 276A or 473F; or

99.2 (iii) powerline credit under section 273.425.

99.3 (b) Estimated market value under paragraph (a) also includes the market value of  
99.4 tax-exempt property if the applicable law specifically provides that the limitation,  
99.5 qualification, or aid calculation includes tax-exempt property.

99.6 (c) Unless otherwise provided, "market value," "estimated market value," and "market  
99.7 valuation" for purposes of property tax levy limitations and calculation of state aid, refer  
99.8 to the estimated market value for the previous assessment year and for purposes of limits  
99.9 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the  
99.10 estimated market value as last finally equalized.

99.11 (d) For purposes of a provision of a home rule charter or of any special law that is not  
99.12 codified in the statutes and that imposes a levy limitation based on market value or any limit  
99.13 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market  
99.14 value, the terms "market value," "taxable market value," and "market valuation," whether  
99.15 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

99.16 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

99.17 Sec. 11. Minnesota Statutes 2021 Supplement, section 273.11, subdivision 12, is amended  
99.18 to read:

99.19 Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter  
99.20 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which  
99.21 qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02,  
99.22 subdivision 6, which has received funding from the Minnesota housing finance agency for  
99.23 purposes of the community land trust program. The Minnesota Housing Finance Agency  
99.24 shall set the criteria for community land trusts.

99.25 (b) Before the community land trust can rent or sell a unit to an applicant, the community  
99.26 land trust shall verify to the satisfaction of the administering agency or the city that the  
99.27 family income of each person or family applying for a unit in the community land trust  
99.28 building is within the income criteria provided in section 462A.30, subdivision 9. The  
99.29 administering agency or the city shall verify to the satisfaction of the county assessor that  
99.30 the occupant meets the income criteria under section 462A.30, subdivision 9. The property  
99.31 tax benefits under paragraph (c) shall be granted only to property owned or rented by persons  
99.32 or families within the qualifying income limits. The family income criteria and verification  
99.33 is only necessary at the time of initial occupancy in the property.

100.1 (c) A unit which is owned by the occupant and used as a homestead by the occupant  
 100.2 qualifies for homestead treatment as class 1a under section 273.13, subdivision 22 unless  
 100.3 the unit meets the requirements of section 273.13, subdivision 25, paragraph (e), clause (2),  
 100.4 in which case the unit shall be classified as 4d(2). A unit which is rented by the occupant  
 100.5 and used as a homestead by the occupant shall be class 4a or 4b property, under section  
 100.6 273.13, subdivision 25, whichever is applicable. Any remaining portion of the property not  
 100.7 used for residential purposes shall be classified by the assessor in the appropriate class based  
 100.8 upon the use of that portion of the property owned by the community land trust. The land  
 100.9 upon which the building is located shall be assessed at the same classification rate as the  
 100.10 units within the building, provided that if the building contains some units assessed as class  
 100.11 1a or class 4d(1) and some units assessed as class 4a or 4b, the market value of the land  
 100.12 will be assessed in the same proportions as the value of the building.

100.13 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 100.14 in 2023 and thereafter.

100.15 Sec. 12. Minnesota Statutes 2020, section 273.11, subdivision 23, is amended to read:

100.16 Subd. 23. **First tier valuation limit; agricultural homestead property.** (a) The  
 100.17 commissioner of revenue shall annually certify the first tier limit for agricultural homestead  
 100.18 property. For assessment year ~~2010~~ 2023, the limit is ~~\$1,140,000~~ \$2,500,000. Beginning  
 100.19 with assessment year ~~2011~~ 2024, the limit is the product of (i) the first tier limit for the  
 100.20 preceding assessment year, and (ii) the ratio of the statewide average taxable market value  
 100.21 of agricultural property per acre of deeded farm land in the preceding assessment year to  
 100.22 the statewide average taxable market value of agricultural property per acre of deeded farm  
 100.23 land for the second preceding assessment year. The limit shall be rounded to the nearest  
 100.24 \$10,000.

100.25 (b) For the purposes of this subdivision, "agricultural property" means all class 2a  
 100.26 property under section 273.13, subdivision 23, except for property consisting of the house,  
 100.27 garage, and immediately surrounding one acre of land of an agricultural homestead.

100.28 (c) The commissioner shall certify the limit by January 2 of each assessment year.

100.29 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

100.30 Sec. 13. Minnesota Statutes 2020, section 273.124, subdivision 3a, is amended to read:

100.31 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
 100.32 is owned by a corporation or association organized under chapter 308A or 308B, and each

101.1 person who owns a share or shares in the corporation or association is entitled to occupy a  
 101.2 lot within the park, the corporation or association may claim homestead treatment for the  
 101.3 park. Each lot must be designated by legal description or number, and each lot is limited to  
 101.4 not more than one-half acre of land.

101.5 (b) The manufactured home park shall be entitled to homestead treatment if all of the  
 101.6 following criteria are met:

101.7 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
 101.8 property taxes and any special assessments levied against the land and structure either  
 101.9 directly, or indirectly through dues to the corporation or association; and

101.10 (2) the corporation or association organized under chapter 308A or 308B is wholly  
 101.11 owned by persons having a right to occupy a lot owned by the corporation or association.

101.12 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
 101.13 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
 101.14 qualifies for homestead treatment with respect to a manufactured home park if its members  
 101.15 hold residential participation warrants entitling them to occupy a lot in the manufactured  
 101.16 home park.

101.17 (d) "Homestead treatment" under this subdivision means the classification rate provided  
 101.18 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause  
 101.19 (5), ~~item (ii)~~, and the homestead market value exclusion under section 273.13, subdivision  
 101.20 35, does not apply.

101.21 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 101.22 in 2024 and thereafter.

101.23 Sec. 14. Minnesota Statutes 2021 Supplement, section 273.124, subdivision 14, is amended  
 101.24 to read:

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

101.28 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
 101.29 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife  
 101.30 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
 101.31 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

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

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

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

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

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

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

102.17 (2) the owner, the owner's spouse, or a grandchild, child, sibling, ~~or parent,~~ grandparent,  
102.18 stepparent, stepchild, uncle, aunt, nephew, or niece of the owner or of the owner's spouse,  
102.19 is actively farming the agricultural property, either on the person's own behalf as an individual  
102.20 or on behalf of a partnership operating a family farm, family farm corporation, joint family  
102.21 farm venture, or limited liability company of which the person is a partner, shareholder, or  
102.22 member;

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

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

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

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

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

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

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

103.13 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
103.14 holding a vested remainder interest in it must be classified as a homestead under section  
103.15 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
103.16 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
103.17 interests who are actively engaged in farming the property, and up to one acre of the land  
103.18 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
103.19 must also be assessed class 2a.

103.20 (e) Agricultural land and buildings that were class 2a homestead property under section  
103.21 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
103.22 agricultural homesteads for subsequent assessments if:

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

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

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

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

103.32 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,  
103.33 and the owner furnishes the assessor any information deemed necessary by the assessor in

104.1 verifying the change in dwelling. Further notifications to the assessor are not required if the  
104.2 property continues to meet all the requirements in this paragraph and any dwellings on the  
104.3 agricultural land remain uninhabited.

104.4 (f) Agricultural land and buildings that were class 2a homestead property under section  
104.5 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
104.6 agricultural homesteads for subsequent assessments if:

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

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

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

104.13 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
104.14 one of the parcels of agricultural land that is owned by the taxpayer; and

104.15 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
104.16 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
104.17 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
104.18 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
104.19 are not required if the property continues to meet all the requirements in this paragraph and  
104.20 any dwellings on the agricultural land remain uninhabited.

104.21 (g) Agricultural property of a family farm corporation, joint family farm venture, family  
104.22 farm limited liability company, or partnership operating a family farm as described under  
104.23 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead  
104.24 property, if all of the following criteria are met:

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

104.27 (2) a shareholder, member, or partner of that entity is actively farming the agricultural  
104.28 property;

104.29 (3) that shareholder, member, or partner who is actively farming the agricultural property  
104.30 is a Minnesota resident;

104.31 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,  
104.32 member, or partner claims another agricultural homestead in Minnesota; and



105.1 (5) that shareholder, member, or partner does not live farther than four townships or  
105.2 cities, or a combination of four townships or cities, from the agricultural property.

105.3 Homestead treatment applies under this paragraph even if:

105.4 (i) the shareholder, member, or partner of that entity is actively farming the agricultural  
105.5 property on the shareholder's, member's, or partner's own behalf; or

105.6 (ii) the family farm is operated by a family farm corporation, joint family farm venture,  
105.7 partnership, or limited liability company other than the family farm corporation, joint family  
105.8 farm venture, partnership, or limited liability company that owns the land, provided that:

105.9 (A) the shareholder, member, or partner of the family farm corporation, joint family  
105.10 farm venture, partnership, or limited liability company that owns the land who is actively  
105.11 farming the land is a shareholder, member, or partner of the family farm corporation, joint  
105.12 family farm venture, partnership, or limited liability company that is operating the farm;  
105.13 and

105.14 (B) more than half of the shareholders, members, or partners of each family farm  
105.15 corporation, joint family farm venture, partnership, or limited liability company are persons  
105.16 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,  
105.17 paragraphs (c) and (d).

105.18 Homestead treatment applies under this paragraph for property leased to a family farm  
105.19 corporation, joint farm venture, limited liability company, or partnership operating a family  
105.20 farm if legal title to the property is in the name of an individual who is a member, shareholder,  
105.21 or partner in the entity.

105.22 (h) To be eligible for the special agricultural homestead under this subdivision, an initial  
105.23 full application must be submitted to the county assessor where the property is located.  
105.24 Owners and the persons who are actively farming the property shall be required to complete  
105.25 only a one-page abbreviated version of the application in each subsequent year provided  
105.26 that none of the following items have changed since the initial application:

105.27 (1) the day-to-day operation, administration, and financial risks remain the same;

105.28 (2) the owners and the persons actively farming the property continue to live within the  
105.29 four townships or city criteria and are Minnesota residents;

105.30 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

105.31 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

105.32 (5) the property's acreage is unchanged; and

106.1 (6) none of the property's acres have been enrolled in a federal or state farm program  
106.2 since the initial application.

106.3 The owners and any persons who are actively farming the property must include the  
106.4 appropriate Social Security numbers, and sign and date the application. If any of the specified  
106.5 information has changed since the full application was filed, the owner must notify the  
106.6 assessor, and must complete a new application to determine if the property continues to  
106.7 qualify for the special agricultural homestead. The commissioner of revenue shall prepare  
106.8 a standard reapplication form for use by the assessors.

106.9 (i) Agricultural land and buildings that were class 2a homestead property under section  
106.10 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
106.11 agricultural homesteads for subsequent assessments if:

106.12 (1) the property owner abandoned the homestead dwelling located on the agricultural  
106.13 homestead as a result of damage caused by the August 2007 floods;

106.14 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,  
106.15 Wabasha, or Winona;

106.16 (3) the agricultural land and buildings remain under the same ownership for the current  
106.17 assessment year as existed for the 2007 assessment year;

106.18 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
106.19 one of the parcels of agricultural land that is owned by the taxpayer; and

106.20 (5) the owner notifies the county assessor that the relocation was due to the August 2007  
106.21 floods, and the owner furnishes the assessor any information deemed necessary by the  
106.22 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
106.23 owner must notify the assessor by December 1, 2008. Further notifications to the assessor  
106.24 are not required if the property continues to meet all the requirements in this paragraph and  
106.25 any dwellings on the agricultural land remain uninhabited.

106.26 (j) Agricultural land and buildings that were class 2a homestead property under section  
106.27 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
106.28 agricultural homesteads for subsequent assessments if:

106.29 (1) the property owner abandoned the homestead dwelling located on the agricultural  
106.30 homestead as a result of the March 2009 floods;

106.31 (2) the property is located in the county of Marshall;

107.1 (3) the agricultural land and buildings remain under the same ownership for the current  
107.2 assessment year as existed for the 2008 assessment year and continue to be used for  
107.3 agricultural purposes;

107.4 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles  
107.5 of one of the parcels of agricultural land that is owned by the taxpayer; and

107.6 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
107.7 and the owner furnishes the assessor any information deemed necessary by the assessor in  
107.8 verifying the change in dwelling. Further notifications to the assessor are not required if the  
107.9 property continues to meet all the requirements in this paragraph and any dwellings on the  
107.10 agricultural land remain uninhabited.

107.11 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications  
107.12 filed in 2022 and thereafter.

107.13 Sec. 15. Minnesota Statutes 2020, section 273.128, subdivision 1, is amended to read:

107.14 Subdivision 1. **Requirement.** Low-income rental property classified as class 4d(1) under  
107.15 section 273.13, subdivision 25, is entitled to valuation under this section if at least 20 percent  
107.16 of the units in the rental housing property meet any of the following qualifications:

107.17 (1) the units are subject to a housing assistance payments contract under Section 8 of  
107.18 the United States Housing Act of 1937, as amended;

107.19 (2) the units are rent-restricted and income-restricted units of a qualified low-income  
107.20 housing project receiving tax credits under section 42(g) of the Internal Revenue Code;

107.21 (3) the units are financed by the Rural Housing Service of the United States Department  
107.22 of Agriculture and receive payments under the rental assistance program pursuant to section  
107.23 521(a) of the Housing Act of 1949, as amended; or

107.24 (4) the units are subject to rent and income restrictions under the terms of financial  
107.25 assistance provided to the rental housing property by the federal government or the state of  
107.26 Minnesota, or a local unit of government, as evidenced by a document recorded against the  
107.27 property.

107.28 The restrictions must require assisted units to be occupied by residents whose household  
107.29 income at the time of initial occupancy does not exceed 60 percent of the greater of area or  
107.30 state median income, adjusted for family size, as determined by the United States Department  
107.31 of Housing and Urban Development. The restriction must also require the rents for assisted  
107.32 units to not exceed 30 percent of 60 percent of the greater of area or state median income,

108.1 adjusted for family size, as determined by the United States Department of Housing and  
108.2 Urban Development.

108.3 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

108.4 Sec. 16. Minnesota Statutes 2020, section 273.128, is amended by adding a subdivision  
108.5 to read:

108.6 Subd. 1a. **Approval.** A property owner must receive approval by resolution of the  
108.7 governing body of the city or town where the property is located before submitting an initial  
108.8 application to the Housing Finance Agency, as required under subdivision 2, for property  
108.9 that has not, in whole or in part, been classified as class 4d(1) under section 273.13,  
108.10 subdivision 25, prior to assessment year 2023. A property owner that receives approval as  
108.11 required under this subdivision, and the certification made under subdivision 3, shall not  
108.12 be required to seek approval under this subdivision prior to submitting an application under  
108.13 subdivision 2 in each subsequent year. If the property is located in a city or town in which  
108.14 the net tax capacity of 4d(1) property did not exceed two percent of the total net tax capacity  
108.15 in the city or town in the prior assessment year, the property owner does not need to receive  
108.16 approval under this subdivision.

108.17 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

108.18 Sec. 17. Minnesota Statutes 2020, section 273.128, subdivision 2, is amended to read:

108.19 Subd. 2. **Application.** (a) Application for certification under this section must be filed  
108.20 by March 31 of the levy year, or at a later date if the Housing Finance Agency deems  
108.21 practicable. The application must be filed with the Housing Finance Agency, on a form  
108.22 prescribed by the agency, and must contain the information required by the Housing Finance  
108.23 Agency.

108.24 (b) Each application must include:

108.25 (1) the property tax identification number; and

108.26 (2) evidence that the property meets the requirements of ~~subdivision~~ subdivisions 1 and  
108.27 1a.

108.28 (c) The Housing Finance Agency may charge an application fee approximately equal  
108.29 to the costs of processing and reviewing the applications but not to exceed \$10 per unit. If  
108.30 imposed, the applicant must pay the application fee to the Housing Finance Agency. The  
108.31 fee must be deposited in the housing development fund.

109.1 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

109.2 Sec. 18. **[273.129] AFFORDABLE HOUSING MARKET VALUE EXCLUSION**  
109.3 **PROGRAM; ESTABLISHMENT.**

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

109.6 (b) "Governing body" means, with respect to a city, a city council, with respect to a  
109.7 town, a town board, and with respect to an unorganized territory, the county board acting  
109.8 on behalf of the unorganized territory.

109.9 (c) "Market value" has the meaning given in section 272.03, subdivision 8.

109.10 (d) "Municipality" means a statutory or home rule charter city, a township, or unorganized  
109.11 territory.

109.12 (e) "Property" means a residential rental housing property classified as class 4a under  
109.13 section 273.13, subdivision 25, a portion of which is occupied by residents meeting the  
109.14 income requirement under subdivision 4.

109.15 Subd. 2. **Establishment.** An affordable housing market value exclusion program is  
109.16 established to promote the development of affordable rental properties in the state. Eligible  
109.17 properties located in participating municipalities are eligible to receive a market value  
109.18 exclusion of 50 percent.

109.19 Subd. 3. **Approval.** (a) A governing body may, upon approval by a majority vote of its  
109.20 members, adopt a resolution agreeing to participate in the affordable housing market value  
109.21 exclusion program. Prior to approval, the governing body must publish notice of its intent  
109.22 to discuss the resolution at a regularly scheduled meeting, in a newspaper with general  
109.23 circulation in the city or on the municipality's website, not less than 30 days prior to the  
109.24 meeting. The notice must include the date, time, and location of the meeting at which the  
109.25 program will be discussed and public input allowed.

109.26 (b) After a governing body has adopted a resolution agreeing to participate in the program,  
109.27 the governing body must adopt a separate resolution, subject to the same voting, notice, and  
109.28 public hearing requirements under paragraph (a), for each property the governing body  
109.29 approves to receive the affordable housing market value exclusion. The resolution must  
109.30 state the property qualifies for a valuation exclusion of 50 percent, and that shall remain  
109.31 the same each year, subject to the duration limit under subdivision 5.

110.1 (c) After a governing body has adopted the property-specific resolution as required under  
110.2 paragraph (b), the governing body, other than the county board acting on behalf of an  
110.3 unorganized territory, must provide the county board with a copy of the resolution for each  
110.4 property the local government approved to receive the affordable housing market value  
110.5 exclusion, along with information relating to the fiscal implications resulting from the  
110.6 approved exclusion. The county board may request additional information from the local  
110.7 government that the board deems necessary. The county board must approve, by a majority  
110.8 vote of its members, the affordable housing market value exclusion for each property within  
110.9 60 days of receipt. If a county board fails to approve the exclusion within 60 days of receipt,  
110.10 or if the county board affirmatively denies approval of the exclusion, the property shall not  
110.11 receive the affordable housing market value exclusion.

110.12 Subd. 4. **Eligibility.** (a) A property located in a participating municipality is eligible for  
110.13 the affordable housing market value exclusion applied under section 273.13, subdivision  
110.14 36, if:

110.15 (1) the property is not classified in whole or in part as class 4d under section 273.13,  
110.16 subdivision 25;

110.17 (2) construction of the property began on or after January 1, 2023; and

110.18 (3) the Minnesota Housing Finance Agency certifies to the county or local assessor that:

110.19 (i) at least 20 percent of the units in the property are available for residents whose  
110.20 household income at the time of initial occupancy does not exceed 60 percent of area median  
110.21 income, adjusted for family size, as determined by the United States Department of Housing  
110.22 and Urban Development;

110.23 (ii) at least 80 percent of the available units in the property are occupied by residents  
110.24 meeting the income requirement; and

110.25 (iii) any unoccupied available units are being actively marketed toward persons meeting  
110.26 the income requirements, as attested by the property owner.

110.27 (b) By February 1 each assessment year, an application for certification under this  
110.28 subdivision must be filed by the property owner to the Minnesota Housing Finance Agency.  
110.29 The property owner must provide a copy of the application to the county or city assessor.  
110.30 The application must be filed on a form prescribed by the agency and must contain the  
110.31 property tax identification number, evidence that the property meets the requirements of  
110.32 paragraph (a), a copy of the property-specific approval by the county board if required, and  
110.33 any other information necessary for the Minnesota Housing Finance Agency to determine

111.1 eligibility. The Minnesota Housing Finance Agency may charge an application fee  
 111.2 approximately equal to the costs of processing and reviewing the applications. If imposed,  
 111.3 the applicant must pay the application fee to the Minnesota Housing Finance Agency and  
 111.4 the fee must be deposited in the housing development fund.

111.5 (c) By April 1 each assessment year, the Minnesota Housing Finance Agency must  
 111.6 certify to the appropriate county or city assessor:

111.7 (1) the specific properties, identified by parcel identification numbers, that are eligible  
 111.8 under this section to receive the exclusion for the current assessment year; and

111.9 (2) the specific properties, identified by parcel identification numbers, that received the  
 111.10 exclusion in the previous assessment year but no longer meet the requirements under this  
 111.11 section.

111.12 In making the certification, the Minnesota Housing Finance Agency must rely on the property  
 111.13 owner's application and any other supporting information that the agency deems necessary.

111.14 Subd. 5. **Duration.** The governing body of a participating municipality shall determine  
 111.15 the duration of the affordable housing market value exclusion for each eligible property,  
 111.16 provided that the exclusion applies for at least ten but not more than 20 assessment years,  
 111.17 except that when a property no longer meets the requirements of subdivision 4, the exclusion  
 111.18 shall be removed for the current assessment year.

111.19 Subd. 6. **Expiration.** The affordable housing market value exclusion program expires  
 111.20 on December 31, 2030. A property that has not received the required approval under  
 111.21 subdivision 3 by December 31, 2030, shall not receive the exclusion.

111.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

111.23 Sec. 19. Minnesota Statutes 2020, section 273.13, subdivision 22, is amended to read:

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

111.29 The first \$500,000 of market value of class 1a property has a net classification rate of  
 111.30 one percent of its market value; and the market value of class 1a property that exceeds  
 111.31 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

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

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

112.16 Permanently and totally disabled for the purpose of this subdivision means a condition  
112.17 which is permanent in nature and totally incapacitates the person from working at an  
112.18 occupation which brings the person an income. The first \$50,000 market value of class 1b  
112.19 property has a net classification rate of .45 percent of its market value. The remaining market  
112.20 value of class 1b property is classified as class 1a or class 2a property, whichever is  
112.21 appropriate.

112.22 (c) Class 1c property is commercial use real and personal property that abuts public  
112.23 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
112.24 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
112.25 occupancy for recreational purposes but not devoted to commercial purposes for more than  
112.26 250 days in the year preceding the year of assessment, and that includes a portion used as  
112.27 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
112.28 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
112.29 resort, or a member of a limited liability company that owns the resort even if the title to  
112.30 the homestead is held by the corporation, partnership, or limited liability company. For  
112.31 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
112.32 if any portion of the property, excluding the portion used exclusively as a homestead, is  
112.33 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
112.34 property must contain three or more rental units. A "rental unit" is defined as a cabin,



113.1 condominium, townhouse, sleeping room, or individual camping site equipped with water  
113.2 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
113.3 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
113.4 or cross-country ski equipment; provide marina services, launch services, or guide services;  
113.5 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
113.6 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
113.7 for class 1c even though it may remain available for rent. A camping pad offered for rent  
113.8 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
113.9 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
113.10 the same owner owns two separate parcels that are located in the same township, and one  
113.11 of those properties is classified as a class 1c property and the other would be eligible to be  
113.12 classified as a class 1c property if it was used as the homestead of the owner, both properties  
113.13 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
113.14 deemed to be owned by the same owner if each of them is owned by a limited liability  
113.15 company, and both limited liability companies have the same membership. The portion of  
113.16 the property used as a homestead is class 1a property under paragraph (a). The remainder  
113.17 of the property is classified as follows: the first ~~\$600,000~~ \$850,000 of market value is tier  
113.18 I, the next ~~\$1,700,000~~ \$2,250,000 of market value is tier II, and any remaining market value  
113.19 is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent;  
113.20 and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and  
113.21 seasonal residential occupancy for recreation purposes in which all or a portion of the  
113.22 property was devoted to commercial purposes for not more than 250 days in the year  
113.23 preceding the year of assessment desiring classification as class 1c, must submit a declaration  
113.24 to the assessor designating the cabins or units occupied for 250 days or less in the year  
113.25 preceding the year of assessment by January 15 of the assessment year. Those cabins or  
113.26 units and a proportionate share of the land on which they are located must be designated as  
113.27 class 1c as otherwise provided. The remainder of the cabins or units and a proportionate  
113.28 share of the land on which they are located must be designated as class 3a commercial. The  
113.29 owner of property desiring designation as class 1c property must provide guest registers or  
113.30 other records demonstrating that the units for which class 1c designation is sought were not  
113.31 occupied for more than 250 days in the year preceding the assessment if so requested. The  
113.32 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
113.33 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
113.34 directly related to temporary and seasonal residential occupancy for recreation purposes  
113.35 does not qualify for class 1c.

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

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

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

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

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

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

114.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2023 and thereafter.

114.14 Sec. 20. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 23, is amended  
114.15 to read:

114.16 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
114.17 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
114.18 2a land under the same ownership. The market value of the house and garage and immediately  
114.19 surrounding one acre of land has the same classification rates as class 1a or 1b property  
114.20 under subdivision 22. The value of the remaining land including improvements up to the  
114.21 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
114.22 percent of market value. The remaining property over the first tier has a classification rate  
114.23 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
114.24 limit of agricultural homestead property" and "first tier" means the limit certified under  
114.25 section 273.11, subdivision 23.

114.26 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
114.27 are agricultural land and buildings. Class 2a property has a classification rate of one percent  
114.28 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
114.29 property must also include any property that would otherwise be classified as 2b, but is  
114.30 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
114.31 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
114.32 and other similar land that is impractical for the assessor to value separately from the rest  
114.33 of the property or that is unlikely to be able to be sold separately from the rest of the property.

115.1 An assessor may classify the part of a parcel described in this subdivision that is used  
115.2 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

115.3 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
115.4 are unplatted real estate, rural in character and not used for agricultural purposes, including  
115.5 land used for growing trees for timber, lumber, and wood and wood products, that is not  
115.6 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
115.7 defined by the commissioner of revenue does not disqualify the property from classification  
115.8 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
115.9 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
115.10 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled  
115.11 in the sustainable forest management incentive program under chapter 290C, the number  
115.12 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary  
115.13 nonresidential structure must equal three acres or the number of acres excluded from the  
115.14 sustainable forest incentive act covenant due to the structure, whichever is greater. Class  
115.15 2b property has a classification rate of one percent of market value unless it is part of an  
115.16 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

115.17 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
115.18 acres statewide per taxpayer that is being managed under a forest management plan that  
115.19 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
115.20 management incentive program. It has a classification rate of .65 percent, provided that the  
115.21 owner of the property must apply to the assessor in order for the property to initially qualify  
115.22 for the reduced rate and provide the information required by the assessor to verify that the  
115.23 property qualifies for the reduced rate. If the assessor receives the application and information  
115.24 before May 1 in an assessment year, the property qualifies beginning with that assessment  
115.25 year. If the assessor receives the application and information after April 30 in an assessment  
115.26 year, the property may not qualify until the next assessment year. The commissioner of  
115.27 natural resources must concur that the land is qualified. The commissioner of natural  
115.28 resources shall annually provide county assessors verification information on a timely basis.  
115.29 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
115.30 of revenue does not disqualify the property from classification under this paragraph.

115.31 (e) Agricultural land as used in this section means:

115.32 (1) contiguous acreage of ten acres or more, used during the preceding year for  
115.33 agricultural purposes; or

116.1 (2) contiguous acreage used during the preceding year for an intensive livestock or  
116.2 poultry confinement operation, provided that land used only for pasturing or grazing does  
116.3 not qualify under this clause.

116.4 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
116.5 storage of agricultural products for sale, or the storage of machinery or equipment used in  
116.6 support of agricultural production by the same farm entity. For a property to be classified  
116.7 as agricultural based only on the drying or storage of agricultural products, the products  
116.8 being dried or stored must have been produced by the same farm entity as the entity operating  
116.9 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
116.10 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
116.11 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
116.12 or a similar state or federal conservation program if the property was classified as agricultural  
116.13 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying  
116.14 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use  
116.15 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,  
116.16 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For  
116.17 purposes of this section, a "local conservation program" means a program administered by  
116.18 a town, statutory or home rule charter city, or county, including a watershed district, water  
116.19 management organization, or soil and water conservation district, in which landowners  
116.20 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
116.21 exchange for use or other restrictions placed on the land. In order for property to qualify  
116.22 under the local conservation program provision, a taxpayer must apply to the assessor by  
116.23 February 1 of the assessment year and must submit the information required by the assessor,  
116.24 including but not limited to a copy of the program requirements, the specific agreement  
116.25 between the land owner and the local agency, if applicable, and a map of the conservation  
116.26 area. Agricultural classification shall not be based upon the market value of any residential  
116.27 structures on the parcel or contiguous parcels under the same ownership.

116.28 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
116.29 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
116.30 of, a set of contiguous tax parcels under that section that are owned by the same person.

116.31 (f) Agricultural land under this section also includes:

116.32 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
116.33 preceding year for raising or cultivating agricultural products; or

117.1 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the  
117.2 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was  
117.3 used in the preceding year for one or more of the following three uses:

117.4 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
117.5 equipment storage activities used to support agricultural activities on other parcels of property  
117.6 operated by the same farming entity;

117.7 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock  
117.8 are considered agricultural land; or

117.9 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
117.10 means the cultivation of one or more fruits or vegetables or production of animal or other  
117.11 agricultural products for sale to local markets by the farmer or an organization with which  
117.12 the farmer is affiliated.

117.13 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
117.14 described in section 272.193, or all of a set of contiguous tax parcels under that section that  
117.15 are owned by the same person.

117.16 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use  
117.17 of that property is the leasing to, or use by another person for agricultural purposes.

117.18 Classification under this subdivision is not determinative for qualifying under section  
117.19 273.111.

117.20 (h) The property classification under this section supersedes, for property tax purposes  
117.21 only, any locally administered agricultural policies or land use restrictions that define  
117.22 minimum or maximum farm acreage.

117.23 (i) The term "agricultural products" as used in this subdivision includes production for  
117.24 sale of:

117.25 (1) livestock; dairy animals; dairy products; poultry and poultry products; fur-bearing  
117.26 animals; horticultural and nursery stock; fruit of all kinds; vegetables; forage; grains;  
117.27 hemp; bees; and apiary products by the owner;

117.28 (2) aquacultural products for sale and consumption, as defined under section 17.47, if  
117.29 the aquaculture occurs on land zoned for agricultural use;

117.30 (3) the commercial boarding of horses, which may include related horse training and  
117.31 riding instruction, if the boarding is done on property that is also used for raising pasture  
117.32 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

118.1 (4) property which is owned and operated by nonprofit organizations used for equestrian  
118.2 activities, excluding racing;

118.3 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
118.4 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
118.5 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
118.6 birds were raised or used for breeding stock on the property during the preceding year and  
118.7 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
118.8 shooting preserve licensed under section 97A.115;

118.9 (6) insects primarily bred to be used as food for animals;

118.10 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
118.11 for timber, lumber, wood, or wood products; and

118.12 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
118.13 Department of Agriculture under chapter 28A as a food processor.

118.14 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
118.15 purposes, including but not limited to:

118.16 (1) wholesale and retail sales;

118.17 (2) processing of raw agricultural products or other goods;

118.18 (3) warehousing or storage of processed goods; and

118.19 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
118.20 (3), the assessor shall classify the part of the parcel used for agricultural purposes as class  
118.21 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.  
118.22 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
118.23 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
118.24 products are grown that is also used for the conduct of retail sales must be classified as  
118.25 agricultural if it is primarily used for the growing of horticultural or nursery products from  
118.26 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
118.27 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
118.28 products does not qualify as an agricultural purpose.

118.29 (k) The assessor shall determine and list separately on the records the market value of  
118.30 the homestead dwelling and the one acre of land on which that dwelling is located. If any  
118.31 farm buildings or structures are located on this homesteaded acre of land, their market value  
118.32 shall not be included in this separate determination.

119.1 (l) Class 2d airport landing area consists of a landing area or public access area of a  
119.2 privately owned public use airport. It has a classification rate of one percent of market value.  
119.3 To qualify for classification under this paragraph, a privately owned public use airport must  
119.4 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing  
119.5 area" means that part of a privately owned public use airport properly cleared, regularly  
119.6 maintained, and made available to the public for use by aircraft and includes runways,  
119.7 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing  
119.8 area also includes land underlying both the primary surface and the approach surfaces that  
119.9 comply with all of the following:

119.10 (i) the land is properly cleared and regularly maintained for the primary purposes of the  
119.11 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities  
119.12 for servicing, repair, or maintenance of aircraft is not included as a landing area;

119.13 (ii) the land is part of the airport property; and

119.14 (iii) the land is not used for commercial or residential purposes.

119.15 The land contained in a landing area under this paragraph must be described and certified  
119.16 by the commissioner of transportation. The certification is effective until it is modified, or  
119.17 until the airport or landing area no longer meets the requirements of this paragraph. For  
119.18 purposes of this paragraph, "public access area" means property used as an aircraft parking  
119.19 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
119.20 airport.

119.21 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
119.22 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
119.23 located in a county that has elected to opt-out of the aggregate preservation program as  
119.24 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
119.25 market value. To qualify for classification under this paragraph, the property must be at  
119.26 least ten contiguous acres in size and the owner of the property must record with the county  
119.27 recorder of the county in which the property is located an affidavit containing:

119.28 (1) a legal description of the property;

119.29 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
119.30 actively being mined but is present on the entire parcel enrolled;

119.31 (3) documentation that the conditional use under the county or local zoning ordinance  
119.32 of this property is for mining; and

120.1 (4) documentation that a permit has been issued by the local unit of government or the  
120.2 mining activity is allowed under local ordinance. The disclosure must include a statement  
120.3 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
120.4 and certifying that it is a commercial aggregate deposit.

120.5 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
120.6 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as  
120.7 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
120.8 in preparation for excavation or excavation of a commercial deposit.

120.9 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
120.10 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
120.11 day any aggregate is removed stating the number of acres of the property that is actively  
120.12 being mined. The acres actively being mined must be (1) valued and classified under  
120.13 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
120.14 resource preservation property tax program under section 273.1115, if the land was enrolled  
120.15 in that program. Copies of the original affidavit and all supplemental affidavits must be  
120.16 filed with the county assessor, the local zoning administrator, and the Department of Natural  
120.17 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
120.18 time a subsequent portion of the property is actively mined, provided that the minimum  
120.19 acreage change is five acres, even if the actual mining activity constitutes less than five  
120.20 acres.

120.21 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not  
120.22 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in  
120.23 section 14.386 concerning exempt rules do not apply.

120.24 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023  
120.25 and thereafter.

120.26 Sec. 21. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 25, is amended  
120.27 to read:

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



121.1 (b) Class 4b includes:

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

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

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

121.8 (4) unimproved property that is classified residential as determined under subdivision  
121.9 33.

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

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

121.13 (c) Class 4bb includes:

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

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

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

121.20 Class 4bb property has the same classification rates as class 1a property under subdivision  
121.21 22.

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

121.25 (d) Class 4c property includes:

121.26 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
121.27 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
121.28 for not more than 250 days in the year preceding the year of assessment. For purposes of  
121.29 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
121.30 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
121.31 Class 4c property under this clause must contain three or more rental units. A "rental unit"

122.1 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
122.2 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
122.3 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
122.4 under this clause regardless of the term of the rental agreement, as long as the use of the  
122.5 camping pad does not exceed 250 days. In order for a property to be classified under this  
122.6 clause, either (i) the business located on the property must provide recreational activities,  
122.7 at least 40 percent of the annual gross lodging receipts related to the property must be from  
122.8 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
122.9 bookings by lodging guests during the year must be for periods of at least two consecutive  
122.10 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
122.11 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
122.12 and must be located in a township or a city with a population of 2,500 or less located outside  
122.13 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
122.14 of a state trail administered by the Department of Natural Resources. For purposes of item  
122.15 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
122.16 property also includes commercial use real property used exclusively for recreational  
122.17 purposes in conjunction with other class 4c property classified under this clause and devoted  
122.18 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
122.19 two acres, provided the property is not devoted to commercial recreational use for more  
122.20 than 250 days in the year preceding the year of assessment and is located within two miles  
122.21 of the class 4c property with which it is used. In order for a property to qualify for  
122.22 classification under this clause, the owner must submit a declaration to the assessor  
122.23 designating the cabins or units occupied for 250 days or less in the year preceding the year  
122.24 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
122.25 share of the land on which they are located must be designated class 4c under this clause  
122.26 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
122.27 the land on which they are located will be designated as class 3a. The owner of property  
122.28 desiring designation as class 4c property under this clause must provide guest registers or  
122.29 other records demonstrating that the units for which class 4c designation is sought were not  
122.30 occupied for more than 250 days in the year preceding the assessment if so requested. The  
122.31 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
122.32 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
122.33 directly related to temporary and seasonal residential occupancy for recreation purposes  
122.34 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
122.35 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country

123.1 ski equipment; providing marina services, launch services, or guide services; or selling bait  
123.2 and fishing tackle;

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

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

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

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

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

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

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

123.20 For purposes of this clause:

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

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

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

123.30 (D) "revenue-producing activities" shall include but not be limited to property or that  
123.31 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt  
123.32 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling

124.1 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an  
124.2 insurance business, or office or other space leased or rented to a lessee who conducts a  
124.3 for-profit enterprise on the premises.

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

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

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

124.18 (5)~~(i)~~ manufactured home parks as defined in section 327.14, subdivision 3, ~~excluding~~  
124.19 including manufactured home parks ~~described in items (ii) and (iii), (ii) manufactured home~~  
124.20 ~~parks as defined in section 327.14, subdivision 3,~~ that are described in section 273.124,  
124.21 subdivision 3a, ~~and (iii) class I manufactured home parks as defined in section 327C.01,~~  
124.22 ~~subdivision 13;~~

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

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

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

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

125.1 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
125.2 filed by the new owner with the assessor of the county where the property is located within  
125.3 60 days of the sale;

125.4 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
125.5 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

125.23 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
125.24 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
125.25 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
125.26 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
125.27 of its annual gross receipts from business conducted during four consecutive months. Gross  
125.28 receipts from the sale of alcoholic beverages must be included in determining the property's  
125.29 qualification under item (ii). The property's primary business must be as a restaurant and  
125.30 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
125.31 Owners of real property desiring 4c classification under this clause must submit an annual  
125.32 declaration to the assessor by February 1 of the current assessment year, based on the  
125.33 property's relevant information for the preceding assessment year;

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

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

126.13 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
126.14 each parcel of noncommercial seasonal residential recreational property under clause (12)  
126.15 has the same classification rates as class 4bb property, (ii) ~~manufactured home parks assessed~~  
126.16 ~~under clause (5), item (i), have the same classification rate as class 4b property, the market~~  
126.17 ~~value of manufactured home parks assessed under clause (5), item (ii), have a classification~~  
126.18 ~~rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by~~  
126.19 ~~shareholders in the cooperative corporation or association and a classification rate of one~~  
126.20 ~~percent if 50 percent or less of the lots are so occupied, and class I manufactured home~~  
126.21 ~~parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0~~ 0.75  
126.22 percent, (iii) commercial-use seasonal residential recreational property and marina  
126.23 recreational land as described in clause (11), has a classification rate of one percent for the  
126.24 first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the  
126.25 market value of property described in clause (4) has a classification rate of one percent, (v)  
126.26 the market value of property described in clauses (2), (6), and (10) has a classification rate  
126.27 of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for  
126.28 class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for  
126.29 classification under clause (3) that is owned or operated by a congressionally chartered  
126.30 veterans organization has a classification rate of one percent. The commissioner of veterans  
126.31 affairs must provide a list of congressionally chartered veterans organizations to the  
126.32 commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

126.33 (e) Class 4d property ~~is~~ includes:

126.34 (1) qualifying low-income rental housing certified to the assessor by the Housing Finance  
126.35 Agency under section 273.128, subdivision 3. If only a portion of the units in the building

127.1 qualify as low-income rental housing units as certified under section 273.128, subdivision  
127.2 3, only the proportion of qualifying units to the total number of units in the building qualify  
127.3 for class ~~4d~~ 4d(1). The remaining portion of the building shall be classified by the assessor  
127.4 based upon its use. Class ~~4d~~ 4d(1) also includes the same proportion of land as the qualifying  
127.5 low-income rental housing units are to the total units in the building. For all properties  
127.6 qualifying as class ~~4d~~ 4d(1), the market value determined by the assessor must be based on  
127.7 the normal approach to value using normal unrestricted rents; and

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

127.16 ~~(f) The first tier of market value of class 4d property has a classification rate of 0.75~~  
127.17 ~~percent. The remaining value of class 4d property has a classification rate of 0.25 percent.~~  
127.18 ~~For the purposes of this paragraph, the "first tier of market value of class 4d property" means~~  
127.19 ~~the market value of each housing unit up to the first tier limit. For the purposes of this~~  
127.20 ~~paragraph, all class 4d property value must be assigned to individual housing units. The~~  
127.21 ~~first tier limit is \$100,000 for assessment years 2022 and 2023. For subsequent assessment~~  
127.22 ~~years, the limit is adjusted each year by the average statewide change in estimated market~~  
127.23 ~~value of property classified as class 4a and 4d under this section for the previous assessment~~  
127.24 ~~year, excluding valuation change due to new construction, rounded to the nearest \$1,000,~~  
127.25 ~~provided, however, that the limit may never be less than \$100,000. Beginning with~~  
127.26 ~~assessment year 2015, the commissioner of revenue must certify the limit for each assessment~~  
127.27 ~~year by November 1 of the previous year.~~

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

127.30 **EFFECTIVE DATE.** (a) The amendments to paragraph (d) are effective for property  
127.31 taxes payable in 2024 and thereafter.

127.32 (b) The amendments to paragraph (e) are effective for property taxes payable in 2023  
127.33 and thereafter.

128.1 (c) The amendments to paragraph (f) for 4(d)(1) property are effective beginning with  
128.2 assessment year 2023. The amendments to paragraph (f) for 4(d)(2) property are effective  
128.3 for taxes payable in 2023 and thereafter.

128.4 Sec. 22. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 34, is amended  
128.5 to read:

128.6 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a  
128.7 portion of the market value of property owned by a veteran and serving as the veteran's  
128.8 homestead under this section is excluded in determining the property's taxable market value  
128.9 if the veteran has a service-connected disability of 70 percent or more as certified by the  
128.10 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,  
128.11 the veteran must have been honorably discharged from the United States armed forces, as  
128.12 indicated by United States Government Form DD214 or other official military discharge  
128.13 papers.

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

128.16 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is  
128.17 excluded.

128.18 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph  
128.19 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the  
128.20 spouse holds the legal or beneficial title to the homestead and permanently resides there,  
128.21 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the  
128.22 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise  
128.23 provided in paragraph (n). Qualification under this paragraph requires an application under  
128.24 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's  
128.25 marital status, ownership of the property, or use of the property as a permanent residence.  
128.26 If a spouse previously received the exclusion under this paragraph, but the exclusion expired  
128.27 prior to assessment year 2019 before the eligibility time period for surviving spouses was  
128.28 changed to a lifetime benefit, the spouse may reapply under paragraph (h) for the exclusion  
128.29 under this paragraph.

128.30 (d) If the spouse of a member of any branch or unit of the United States armed forces  
128.31 who dies due to a service-connected cause while serving honorably in active service, as  
128.32 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
128.33 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
128.34 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or



129.1 sells, transfers, or otherwise disposes of the property, except as otherwise provided in  
129.2 paragraph (n). If a spouse previously received the exclusion under this paragraph, but the  
129.3 exclusion expired prior to assessment year 2019 before the eligibility time period for  
129.4 surviving spouses was changed to a lifetime benefit, the spouse may reapply under paragraph  
129.5 (h) for the exclusion under this paragraph.

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

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

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

129.16 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
129.17 apply to the assessor by December 31 of the first assessment year for which the exclusion  
129.18 is sought. Except as provided in paragraph (c), the owner of a property that has been accepted  
129.19 for a valuation exclusion must notify the assessor if there is a change in ownership of the  
129.20 property or in the use of the property as a homestead.

129.21 (i) A first-time application by a qualifying spouse for the market value exclusion under  
129.22 paragraph (d) must be made any time within two years of the death of the service member,  
129.23 within two years of the United States Department of Veterans Affairs Dependency and  
129.24 Indemnity Compensation determination, or by December 31, 2023, whichever is later. A  
129.25 qualifying spouse whose application was previously denied may reapply, pursuant to this  
129.26 paragraph, by December 31, 2023.

129.27 (j) For purposes of this subdivision:

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

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

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

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

130.2 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
130.3 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
130.4 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise  
130.5 disposes of the property, except as otherwise provided in paragraph (n), if:

130.6 (1) the spouse files a first-time application within two years of the death of the service  
130.7 member, within two years of the United States Department of Veterans Affairs Dependency  
130.8 and Indemnity Compensation determination, if applicable, or by ~~June 1, 2019~~ December  
130.9 31, 2023, whichever is later. A spouse whose application was previously denied may reapply,  
130.10 pursuant to this paragraph, by December 31, 2023;

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

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

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

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

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

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

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

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

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

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

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

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

131.7 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

131.8 Sec. 23. Minnesota Statutes 2020, section 273.13, subdivision 35, is amended to read:

131.9 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
131.10 net tax capacity under this section, property classified as class 1a or 1b under subdivision  
131.11 22, and the portion of property classified as class 2a under subdivision 23 consisting of the  
131.12 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion  
131.13 as determined under paragraph (b).

131.14 (b) For a homestead valued at ~~\$76,000~~ \$95,000 or less, the exclusion is 40 percent of  
131.15 market value. For a homestead valued between ~~\$76,000~~ \$95,000 and ~~\$413,800~~ \$517,200,  
131.16 the exclusion is ~~\$30,400~~ \$38,000 minus nine percent of the valuation over ~~\$76,000~~ \$95,000.  
131.17 For a homestead valued at ~~\$413,800~~ \$517,200 or more, there is no valuation exclusion. The  
131.18 valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than  
131.19 zero.

131.20 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
131.21 to determining the amount of the valuation exclusion under this subdivision.

131.22 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
131.23 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
131.24 of a property is classified as nonhomestead solely because not all the owners occupy the  
131.25 property, not all the owners have qualifying relatives occupying the property, or solely  
131.26 because not all the spouses of owners occupy the property, the exclusion amount shall be  
131.27 initially computed as if that nonhomestead portion were also in the homestead class and  
131.28 then prorated to the owner-occupant's percentage of ownership. For the purpose of this  
131.29 section, when an owner-occupant's spouse does not occupy the property, the percentage of  
131.30 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

131.31 **EFFECTIVE DATE.** This section is effective for assessment year 2023 and thereafter.

132.1 Sec. 24. Minnesota Statutes 2020, section 273.13, is amended by adding a subdivision to  
132.2 read:

132.3 Subd. 36. Affordable housing market value exclusion. (a) Prior to determining a  
132.4 property's net tax capacity under this section, property classified as class 4a under subdivision  
132.5 25, paragraph (a), shall be eligible for an affordable housing market value exclusion as  
132.6 determined under paragraph (b).

132.7 (b) For a property that meets the requirements under section 273.129, the exclusion is  
132.8 50 percent of the market value. The valuation shall be rounded to the nearest whole dollar,  
132.9 and may not be less than zero.

132.10 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
132.11 to determining the amount of the valuation exclusion under this subdivision.

132.12 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

132.13 Sec. 25. Minnesota Statutes 2020, section 273.1387, subdivision 2, is amended to read:

132.14 Subd. 2. **Credit amount.** For each qualifying property, the school building bond  
132.15 agricultural credit is equal to the credit percent multiplied by the property's eligible net tax  
132.16 capacity multiplied by the school debt tax rate determined under section 275.08, subdivision  
132.17 1b. For property taxes payable prior to 2020, the credit percent is equal to 40 percent. For  
132.18 property taxes payable in 2020, the credit percent is equal to 50 percent. For property taxes  
132.19 payable in 2021, the credit percent is equal to 55 percent. For property taxes payable in  
132.20 2022, the credit percent is equal to 60 percent. For property taxes payable in 2023 ~~and~~  
132.21 ~~thereafter~~, the credit percent is equal to 70 percent. For property taxes payable in 2024 and  
132.22 thereafter, the credit percent is equal to 85 percent.

132.23 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
132.24 in 2024.

132.25 Sec. 26. Minnesota Statutes 2020, section 273.41, is amended to read:

132.26 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

132.27 There is hereby imposed upon each such cooperative association on December 31 of  
132.28 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The  
132.29 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon  
132.30 distribution lines and the attachments and appurtenances thereto of such associations located  
132.31 in rural areas. For purposes of this section, "attachments and appurtenances" include, but  
132.32 are not limited to, all cooperative association-owned metering and streetlighting equipment

133.1 that is physically or electrically connected to the cooperative association's distribution  
 133.2 system. The tax shall be payable on or before March 1 of the next succeeding year, to the  
 133.3 commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein  
 133.4 specified for the payment thereof, there shall be added thereto a specific penalty equal to  
 133.5 ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of  
 133.6 said tax, and the amount of said tax not timely paid, together with said penalty, shall bear  
 133.7 interest at the rate specified in section 270C.40 from the time such tax should have been  
 133.8 paid until paid. The commissioner shall deposit the amount so received in the general fund  
 133.9 of the state treasury.

133.10 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

133.11 Sec. 27. Minnesota Statutes 2021 Supplement, section 275.025, subdivision 1, is amended  
 133.12 to read:

133.13 Subdivision 1. **Levy amount.** The state general levy is levied against  
 133.14 commercial-industrial property and seasonal residential recreational property, as defined  
 133.15 in this section. The state general levy for commercial-industrial property is ~~\$716,990,000~~  
 133.16 \$688,641,000 for taxes payable in 2023 and thereafter. The state general levy for  
 133.17 seasonal-recreational property is ~~\$41,690,000~~ \$40,042,000 for taxes payable in ~~2020~~ 2023  
 133.18 and thereafter. The tax under this section is not treated as a local tax rate under section  
 133.19 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

133.20 The commissioner shall increase or decrease the preliminary or final rate for a year as  
 133.21 necessary to account for errors and tax base changes that affected a preliminary or final rate  
 133.22 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
 133.23 information is available to the commissioner at the time the rates for a year must be certified,  
 133.24 and for the following reasons:

133.25 (1) an erroneous report of taxable value by a local official;

133.26 (2) an erroneous calculation by the commissioner; and

133.27 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
 133.28 residential recreational property reported to the commissioner under section 270C.85,  
 133.29 subdivision 2, clause (4), for the same year.

133.30 The commissioner may, but need not, make adjustments if the total difference in the tax  
 133.31 levied for the year would be less than \$100,000.

133.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2023 and thereafter.

134.1 Sec. 28. Minnesota Statutes 2020, section 276.04, subdivision 2, is amended to read:

134.2 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
134.3 the tax statements. The commissioner of revenue shall prescribe the form of the property  
134.4 tax statement and its contents. The tax statement must not state or imply that property tax  
134.5 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
134.6 of the dollar amount due to each taxing authority and the amount of the state tax from the  
134.7 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
134.8 attributable to the county, the state tax, the voter approved school tax, the other local school  
134.9 tax, the township or municipality, and the total of the metropolitan special taxing districts  
134.10 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
134.11 amounts due all other special taxing districts, if any, may be aggregated except that any  
134.12 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,  
134.13 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
134.14 under the appropriate county's levy. If the county levy under this paragraph includes an  
134.15 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
134.16 the amount attributable for that purpose must be separately stated from the remaining county  
134.17 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
134.18 an amount for public library service under section 134.07, the amount attributable for that  
134.19 purpose may be separated from the remaining county levy amount. The amount of the tax  
134.20 on homesteads qualifying under the senior citizens' property tax deferral program under  
134.21 chapter 290B is the total amount of property tax before subtraction of the deferred property  
134.22 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
134.23 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
134.24 amount of any special assessments, may be rounded to the nearest even whole dollar. For  
134.25 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
134.26 even-numbered dollar. The amount of market value excluded under section 273.11,  
134.27 subdivision 16, if any, must also be listed on the tax statement.

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

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

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

135.1 (2) the property's homestead market value exclusion under section 273.13, subdivision  
135.2 35, or the affordable housing market value exclusion under section 273.13, subdivision 36;

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

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

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

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

135.7 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit

135.8 received under section 273.135 must be separately stated and identified as "taconite tax

135.9 relief"; and

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

135.11 (d) If the county uses envelopes for mailing property tax statements and if the county

135.12 agrees, a taxing district may include a notice with the property tax statement notifying

135.13 taxpayers when the taxing district will begin its budget deliberations for the current year,

135.14 and encouraging taxpayers to attend the hearings. If the county allows notices to be included

135.15 in the envelope containing the property tax statement, and if more than one taxing district

135.16 relative to a given property decides to include a notice with the tax statement, the county

135.17 treasurer or auditor must coordinate the process and may combine the information on a

135.18 single announcement.

135.19 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

135.20 Sec. 29. Minnesota Statutes 2020, section 279.03, subdivision 1a, is amended to read:

135.21 Subd. 1a. **Rate.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), interest on

135.22 delinquent property taxes, penalties, and costs unpaid on or after January 1 is payable at the

135.23 per annum rate determined in section 270C.40, subdivision 5. ~~If the rate so determined is~~

135.24 ~~less than ten percent, the rate of interest is ten percent.~~ The maximum per annum rate is 14

135.25 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The

135.26 rate is subject to change on January 1 of each year.

135.27 (b) If a person is the owner of one or more parcels of property on which taxes are

135.28 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school

135.29 district levy, interest on the delinquent property taxes, penalties, and costs unpaid is payable

135.30 at twice the rate determined under paragraph (a) for the year.

135.31 (c) A county board, by resolution, may establish an interest rate lower than the interest

135.32 rate determined under paragraph (a).

136.1 **EFFECTIVE DATE.** This section is effective for property taxes, penalties, and costs  
136.2 determined to be delinquent on or after January 1, 2023.

136.3 Sec. 30. Minnesota Statutes 2020, section 282.261, subdivision 2, is amended to read:

136.4 Subd. 2. **Interest rate.** (a) Except as provided under paragraph (b), the unpaid balance  
136.5 on any repurchase contract approved by the county board is subject to interest at the rate  
136.6 determined in section 279.03, subdivision 1a. The interest rate is subject to change each  
136.7 year on the unpaid balance in the manner provided for rate changes in section 279.03,  
136.8 subdivision 1a.

136.9 (b) A county board, by resolution, or a county auditor, if delegated the responsibility to  
136.10 administer tax-forfeited land assigned to the county board as provided under section 282.135,  
136.11 may establish an interest rate lower than the interest rate determined under paragraph (a).

136.12 **EFFECTIVE DATE.** This section is effective January 1, 2023.

136.13 Sec. 31. Minnesota Statutes 2020, section 290A.03, subdivision 6, is amended to read:

136.14 Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's  
136.15 principal residence and so much of the land surrounding it, not exceeding ten acres, as is  
136.16 reasonably necessary for use of the dwelling as a home and any other property used for  
136.17 purposes of a homestead as defined in section 273.13, subdivision 22, ~~except for~~ or 273.13,  
136.18 subdivision 25, paragraph (e), clause (2). For agricultural land assessed as part of a homestead  
136.19 pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage  
136.20 and immediately surrounding one acre of land. The homestead may be owned or rented and  
136.21 may be a part of a multidwelling or multipurpose building and the land on which it is built.  
136.22 A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed  
136.23 as a manufactured home under section 168.012, subdivision 9, assessed as personal property  
136.24 may be a dwelling for purposes of this subdivision.

136.25 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable  
136.26 in 2023 and thereafter.

136.27 Sec. 32. Minnesota Statutes 2020, section 290B.03, subdivision 1, is amended to read:

136.28 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'  
136.29 property tax deferral program are as follows:

136.30 (1) the property must be owned and occupied as a homestead by a person 65 years of  
136.31 age or older. In the case of a married couple, at least one of the spouses must be at least 65



137.1 years old at the time the first property tax deferral is granted, regardless of whether the  
137.2 property is titled in the name of one spouse or both spouses, or titled in another way that  
137.3 permits the property to have homestead status, and the other spouse must be at least 62 years  
137.4 of age;

137.5 (2) the total household income of the qualifying homeowners, as defined in section  
137.6 290A.03, subdivision 5, for the calendar year preceding the year of the initial application  
137.7 may not exceed ~~\$60,000~~ \$75,000;

137.8 (3) the homestead must have been owned and occupied as the homestead of at least one  
137.9 of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial application  
137.10 is filed;

137.11 (4) there are no state or federal tax liens or judgment liens on the homesteaded property;

137.12 (5) there are no mortgages or other liens on the property that secure future advances,  
137.13 except for those subject to credit limits that result in compliance with clause (6); and

137.14 (6) the total unpaid balances of debts secured by mortgages and other liens on the  
137.15 property, including unpaid and delinquent special assessments and interest and any delinquent  
137.16 property taxes, penalties, and interest, but not including property taxes payable during the  
137.17 year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision  
137.18 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

137.19 **EFFECTIVE DATE.** This section is effective for applications received for deferral of  
137.20 taxes payable in 2023 and thereafter.

137.21 Sec. 33. Minnesota Statutes 2020, section 290B.04, subdivision 3, is amended to read:

137.22 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application  
137.23 has been approved under subdivision 2 shall notify the commissioner of revenue in writing  
137.24 by July 1 if the taxpayer's household income for the preceding calendar year exceeded  
137.25 ~~\$60,000~~ \$75,000. The certification must state the homeowner's total household income for  
137.26 the previous calendar year. No property taxes may be deferred under this chapter in any  
137.27 year following the year in which a program participant filed or should have filed an  
137.28 excess-income certification under this subdivision, unless the participant has filed a  
137.29 resumption of eligibility certification as described in subdivision 4.

137.30 **EFFECTIVE DATE.** This section is effective for applications received for deferral of  
137.31 taxes payable in 2023 and thereafter.

138.1 Sec. 34. Minnesota Statutes 2020, section 290B.04, subdivision 4, is amended to read:

138.2 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has  
138.3 previously filed an excess-income certification under subdivision 3 may resume program  
138.4 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000  
138.5 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify  
138.6 the commissioner of revenue in writing by July 1 of the year following a calendar year in  
138.7 which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must  
138.8 state the taxpayer's total household income for the previous calendar year. Once a taxpayer  
138.9 resumes participation in the program under this subdivision, participation will continue until  
138.10 the taxpayer files a subsequent excess-income certification under subdivision 3 or until  
138.11 participation is terminated under section 290B.08, subdivision 1.

138.12 **EFFECTIVE DATE.** This section is effective for applications received for deferral of  
138.13 taxes payable in 2023 and thereafter.

138.14 Sec. 35. Minnesota Statutes 2020, section 290B.05, subdivision 1, is amended to read:

138.15 Subdivision 1. **Determination by commissioner.** The commissioner shall determine  
138.16 each qualifying homeowner's "annual maximum property tax amount" following approval  
138.17 of the homeowner's initial application and following the receipt of a resumption of eligibility  
138.18 certification. The "annual maximum property tax amount" equals three percent of the  
138.19 homeowner's total household income for the year preceding either the initial application or  
138.20 the resumption of eligibility certification, whichever is applicable. Following approval of  
138.21 the initial application, the commissioner shall determine the qualifying homeowner's  
138.22 "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment  
138.23 year for any homeowner whose total household income for the previous year exceeds  
138.24 ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in which the homeowner does not  
138.25 meet the program qualifications in section 290B.03. The maximum allowable total deferral  
138.26 is equal to 75 percent of the assessor's estimated market value for the year, less the balance  
138.27 of any mortgage loans and other amounts secured by liens against the property at the time  
138.28 of application, including any unpaid and delinquent special assessments and interest and  
138.29 any delinquent property taxes, penalties, and interest, but not including property taxes  
138.30 payable during the year.

138.31 **EFFECTIVE DATE.** This section is effective for applications received for deferral of  
138.32 taxes payable in 2023 and thereafter.

139.1 Sec. 36. **CLASS 4D(1); CLASS-RATE REDUCTION PROPERTY TAX SAVINGS**  
139.2 **REPORT.**

139.3 (a) By November 1, 2024, each county must identify ten properties located within the  
139.4 county with the greatest number of units classified as class 4d(1) under Minnesota Statutes,  
139.5 section 273.13, subdivision 25. After identifying each property, the county must contact  
139.6 and survey each property owner as to how each owner used property tax savings resulting  
139.7 from the class rate change made to property classified as class 4d(1) under Minnesota  
139.8 Statutes, section 273.13, subdivision 25, beginning with property taxes payable in 2024.

139.9 (b) By March 15, 2025, each county shall issue a report to the commissioner of revenue  
139.10 and to the house of representatives and senate committees with jurisdiction over taxes and  
139.11 property taxes indicating how each surveyed property owner used property tax savings  
139.12 resulting from the class 4d(1) class rate change. The report shall include uses identified by  
139.13 type including, but not limited to, property maintenance, property security, property  
139.14 improvements, property operations, rent stabilization, and increases in the property's capital  
139.15 expenditure fund balance.

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

139.17 Sec. 37. **CHILD PROTECTION COST STUDY.**

139.18 (a) The legislative auditor is requested to conduct a special review of the costs to  
139.19 Minnesota counties for the provision of child protective services. The review would need  
139.20 to include:

139.21 (1) an overview of the roles and responsibilities of counties in Minnesota's child protective  
139.22 services system and a comparison of these roles and responsibilities to those in other states;

139.23 (2) from 2013 through 2022, the amount each county spent on duties related to child  
139.24 protective services;

139.25 (3) from 2013 through 2022, the amount of federal and state funds received by each  
139.26 county for duties related to child protective services; and

139.27 (4) from 2013 through 2022, the amount each county paid for child protective services  
139.28 using property tax revenue.

139.29 (b) The legislative auditor would need to complete the review by August 1, 2023, and  
139.30 report the results of the review to the chairs and ranking minority members of the legislative  
139.31 committees with jurisdiction over property taxation.

140.1 Sec. 38. **REPEALER.**140.2 Minnesota Statutes 2020, sections 327C.01, subdivision 13; and 327C.16, are repealed.140.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
140.4 in 2024 and thereafter.140.5 **ARTICLE 5**140.6 **STATE AIDS**

140.7 Section 1. Minnesota Statutes 2020, section 477A.013, subdivision 9, is amended to read:

140.8 Subd. 9. **City aid distribution.** (a) ~~In calendar year 2018 and thereafter,~~ If a city's  
140.9 certified aid before any aid adjustment under subdivision 13 for the previous year is less  
140.10 than its current unmet need, the city shall receive an aid distribution equal to the sum of (1)  
140.11 its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the  
140.12 city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.140.13 (b) ~~For aids payable in 2020 only, no city's aid amount before any adjustment under~~  
140.14 ~~subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment~~  
140.15 ~~under subdivision 13 for that year. For aids payable in 2020 and thereafter,~~ If a city's certified  
140.16 aid before any aid adjustment under subdivision 13 for the previous year is equal to or  
140.17 greater than its current unmet need, the total aid for a city is equal to the greater of (1) its  
140.18 unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified  
140.19 to receive in the previous year minus the sum of (i) any adjustment under subdivision 13  
140.20 that was paid in the previous year but has expired, and (ii) the lesser of \$10 multiplied by  
140.21 its population, or five percent of its net levy in the year prior to the aid distribution. No city  
140.22 may have a total aid amount less than \$0.140.23 (c) Notwithstanding paragraph (b), for aids payable in 2023 only, no city's aid amount  
140.24 before any adjustment under subdivision 13 may be less than the sum of (1) its pay 2022  
140.25 certified aid amount, less any aid adjustments under subdivision 13 for that year, and (2)  
140.26 its pay 2022 supplemental aid amount under Laws 2021, First Special Session chapter 14,  
140.27 article 7, section 5.140.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
140.29 and thereafter.

140.30 Sec. 2. Minnesota Statutes 2020, section 477A.03, subdivision 2a, is amended to read:

140.31 Subd. 2a. **Cities.** ~~For aids payable in 2016 and 2017, the total aid paid under section~~  
140.32 ~~477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid~~

141.1 ~~paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the~~  
141.2 ~~total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in~~  
141.3 ~~2021 and thereafter 2022, the total aid payable under section 477A.013, subdivision 9, is~~  
141.4 ~~\$564,398,012. For aids payable in 2023 and thereafter, the total aid payable under section~~  
141.5 ~~477A.013, subdivision 9, is \$594,398,012.~~

141.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
141.7 and thereafter.

141.8 Sec. 3. Minnesota Statutes 2021 Supplement, section 477A.03, subdivision 2b, is amended  
141.9 to read:

141.10 Subd. 2b. **Counties.** (a) ~~For aids payable in 2018 and 2019, the total aid payable under~~  
141.11 ~~section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated~~  
141.12 ~~as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020,~~  
141.13 ~~the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which~~  
141.14 ~~\$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section~~  
141.15 ~~6. For aids payable in 2021 through 2024 and 2022, the total aid payable under section~~  
141.16 ~~477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as~~  
141.17 ~~required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2023 and~~  
141.18 ~~2024, the total aid payable under section 477A.0124, subdivision 3, is \$132,070,770, of~~  
141.19 ~~which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4,~~  
141.20 ~~section 6. For aids payable in 2025 and thereafter, the total aid payable under section~~  
141.21 ~~477A.0124, subdivision 3, is \$115,795,000~~ \$129,070,770. On or before the first installment  
141.22 date provided in section 477A.015, paragraph (a), \$500,000 of this appropriation shall be  
141.23 transferred each year by the commissioner of revenue to the Board of Public Defense for  
141.24 the payment of services under section 611.27. Any transferred amounts not expended or  
141.25 encumbered in a fiscal year shall be certified by the Board of Public Defense to the  
141.26 commissioner of revenue on or before October 1 and shall be included in the next certification  
141.27 of county need aid.

141.28 (b) ~~For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision~~  
141.29 ~~4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124,~~  
141.30 ~~subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter 2022, the total aid~~  
141.31 ~~under section 477A.0124, subdivision 4, is \$145,873,444. For aids payable in 2023 and~~  
141.32 ~~thereafter, the total aid under section 477A.0124, subdivision 4, is \$162,597,674. The~~  
141.33 ~~commissioner of revenue shall transfer to the Legislative Budget Office \$207,000 annually~~  
141.34 ~~for the cost of preparation of local impact notes as required by section 3.987, and other local~~

142.1 government activities. The commissioner of revenue shall transfer to the commissioner of  
 142.2 education \$7,000 annually for the cost of preparation of local impact notes for school districts  
 142.3 as required by section 3.987. The commissioner of revenue shall deduct the amounts  
 142.4 transferred under this paragraph from the appropriation under this paragraph. The amounts  
 142.5 transferred are appropriated to the Legislative Coordinating Commission and the  
 142.6 commissioner of education respectively.

142.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 142.8 and thereafter.

142.9 Sec. 4. Minnesota Statutes 2020, section 477A.12, subdivision 1, is amended to read:

142.10 Subdivision 1. **Types of land; payments.** The following amounts are annually  
 142.11 appropriated to the commissioner of natural resources from the general fund for transfer to  
 142.12 the commissioner of revenue. The commissioner of revenue shall pay the transferred funds  
 142.13 to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage  
 142.14 as of July 1 of each year prior to the payment year, are:

142.15 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land or,  
 142.16 at the county's option three-fourths of one percent of the appraised value of all acquired  
 142.17 natural resources land in the county, whichever is greater;

142.18 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the  
 142.19 county's option, three-fourths of one percent of the appraised value of all transportation  
 142.20 wetland in the county, whichever is greater;

142.21 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at  
 142.22 the county's option, three-fourths of one percent of the appraised value of all wildlife  
 142.23 management land in the county, whichever is greater;

142.24 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by the  
 142.25 number of acres of military refuge land in the county;

142.26 (5) ~~\$2~~ \$3, multiplied by the number of acres of county-administered other natural  
 142.27 resources land in the county;

142.28 (6) \$5.133, multiplied by the total number of acres of land utilization project land in the  
 142.29 county;

142.30 (7) ~~\$2~~ \$3, multiplied by the number of acres of commissioner-administered other natural  
 142.31 resources land in the county; ~~and~~

143.1 (8) \$0.18, multiplied by the total number of acres in the county eligible for payment  
143.2 under clauses (1) to (7), provided that the total number of acres in the county eligible for  
143.3 payment under clauses (1) to (7) is equal to or greater than 25 percent of the total acreage  
143.4 in the county;

143.5 (9) \$0.08, multiplied by the total number of acres in the county eligible for payment  
143.6 under clauses (1) to (7), provided that the total number of acres in the county eligible for  
143.7 payment under clauses (1) to (7) is equal to or greater than ten percent, but less than 25  
143.8 percent of the total acreage in the county; and

143.9 (10) without regard to acreage, and notwithstanding the rules adopted under section  
143.10 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be  
143.11 divided and distributed to the counties containing state-owned lands within a conservation  
143.12 area in proportion to each county's percentage of the total annual ditch assessments.

143.13 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023.

143.14 Sec. 5. Minnesota Statutes 2020, section 477A.12, subdivision 3, is amended to read:

143.15 Subd. 3. **Determination of appraised value.** For the purposes of this section, the  
143.16 appraised value of acquired natural resources land is the purchase price until the next six-year  
143.17 appraisal required under this subdivision. The appraised value of acquired natural resources  
143.18 land received as a donation is the value determined for the commissioner of natural resources  
143.19 by a licensed appraiser, or the county assessor's estimated market value if no appraisal is  
143.20 done. The appraised value must be determined by the county assessor every six years, except  
143.21 that the appraised value shall not be less than the most recent appraised value. All reappraisals  
143.22 shall be done in the same year as county assessors are required to assess exempt land under  
143.23 section 273.18.

143.24 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023.

143.25 Sec. 6. Minnesota Statutes 2020, section 477A.12, is amended by adding a subdivision to  
143.26 read:

143.27 Subd. 4. **Adjustment.** The commissioner shall annually adjust the amounts in subdivision  
143.28 1, clauses (1) to (10), as provided in section 270C.22, subdivision 1, except as provided in  
143.29 this subdivision. To determine the dollar amounts for payments in calendar year 2024, the  
143.30 commissioner shall determine the percentage change in the index for the 12-month period  
143.31 ending on August 31, 2023, and increase each of the unrounded dollar amounts in section  
143.32 477A.12, subdivision 1, by that percentage change. For each subsequent year, the

144.1 commissioner shall increase the dollar amounts by the percentage change in the index from  
144.2 August 31 of the year preceding the statutory year, to August 31 of the year preceding the  
144.3 taxable year. The commissioner shall round the amounts as adjusted to the nearest tenth of  
144.4 a cent.

144.5 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023.

144.6 Sec. 7. **[477A.165] ELECTRIC GENERATION TRANSITION ACCOUNT.**

144.7 Subdivision 1. **Account created.** An electric generation transition account is created in  
144.8 the special revenue fund.

144.9 Subd. 2. **Transfer to account.** On July 1, 2022, the commissioner of management and  
144.10 budget shall transfer \$5,200,000 from the general fund to the electric generation transition  
144.11 account.

144.12 Subd. 3. **Allowable purposes; legislative appropriation.** The amount in the account  
144.13 must be appropriated by law for transition aid programs or other programs that offset sudden  
144.14 negative impacts on local property taxpayers when generating units at an electric generating  
144.15 plant powered by coal, nuclear, or natural gas are retired and removed from the local tax  
144.16 base.

144.17 Subd. 4. **Cancellation.** Any amounts remaining unexpended in the account after June  
144.18 30, 2025, shall cancel to the general fund.

144.19 **EFFECTIVE DATE.** This section is effective July 1, 2022.

144.20 Sec. 8. **[477A.23] SOIL AND WATER CONSERVATION DISTRICT AID.**

144.21 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the  
144.22 meanings given:

144.23 (1) "nonpublic land" means tract, lot, parcel, and piece or parcel of land as defined by  
144.24 section 272.03, subdivision 6, that is not owned by the federal government, the state, or a  
144.25 local government unit; and

144.26 (2) "soil and water conservation district" means a district under chapter 103C that is  
144.27 implementing the duties under that chapter as determined by the Board of Water and Soil  
144.28 Resources as of the date the board provides the certification to the commissioner of revenue  
144.29 required by subdivision 4.



145.1 Subd. 2. Purpose. The purpose of this section is to provide ongoing financial support  
145.2 to soil and water conservation districts to aid in the execution of chapter 103C and other  
145.3 duties and services prescribed by statute.

145.4 Subd. 3. Distribution. The Board of Water and Soil Resources must calculate the amount  
145.5 of aid to be distributed to the certified soil and water conservation districts from the  
145.6 appropriation in subdivision 7 as follows:

145.7 (1) 70 percent of the appropriation must be distributed equally among the districts; and

145.8 (2) 30 percent of the appropriation must be distributed proportionally among the districts  
145.9 according to the amount of nonpublic land located in a district as compared to the amount  
145.10 of nonpublic land in the state.

145.11 Subd. 4. Certification to commissioner. On or before June 1 each year, the Board of  
145.12 Water and Soil Resources must certify to the commissioner of revenue the soil and water  
145.13 conservation districts that will receive a payment under this section and the amount of each  
145.14 payment.

145.15 Subd. 5. Use of proceeds. (a) Notwithstanding section 103C.401, subdivision 2, a soil  
145.16 and water conservation district that receives a distribution under this section must use the  
145.17 proceeds to implement chapter 103C and other duties and services prescribed by statute.

145.18 (b) The board of each soil and water conservation district must establish, by resolution,  
145.19 annual guidelines for using payments received under this section. Current year guidelines  
145.20 and guidelines from the year immediately prior must be posted on the district website.

145.21 (c) A soil and water conservation district that receives a payment under this section may  
145.22 appropriate any portion of the payment to a governmental unit with which the district has  
145.23 a cooperative agreement under section 103C.231. Any payment received under this section  
145.24 and appropriated by the district must be used as required by this section.

145.25 Subd. 6. Payments. The commissioner of revenue must distribute soil and water  
145.26 conservation district aid in the same manner and at the same times as aid payments provided  
145.27 under section 477A.015.

145.28 Subd. 7. Appropriation. \$6,000,000 is annually appropriated from the general fund to  
145.29 the commissioner of revenue to make the payments required under his section.

145.30 Subd. 8. Aid amount corrections. If, due to a clerical error, the amount certified by the  
145.31 Board of Soil and Water Resources to a soil and water conservation district is less than the  
145.32 amount to which the district is entitled under this section, the Board of Water and Soil  
145.33 Resources shall recertify the correct amount to the commissioner of revenue and communicate

146.1 the error and the corrected amount to the affected soil and water conservation district as  
146.2 soon as practical after the error is discovered. The commissioner of revenue shall then  
146.3 distribute additional aid payments in the same manner as additional aid payments are made  
146.4 under section 477A.014. The additional aid payments shall be made from the general fund  
146.5 and shall not diminish the distributions made to other soil and water conservation districts  
146.6 under this section.

146.7 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023 and  
146.8 thereafter.

146.9 Sec. 9. **COUNTY GRANTS FOR COMMUNITY CAREER WORKFORCE**  
146.10 **ACADEMIES.**

146.11 Subdivision 1. **Purpose.** The purpose of this section is to help local workforce  
146.12 development boards and local governments address the state's severe workforce shortage  
146.13 by funding collaborative public-private efforts that create a strong pipeline of workers in  
146.14 high-demand areas and upskilling the current workforce with an emphasis on minority  
146.15 populations, new Minnesota residents, and underskilled workers.

146.16 Subd. 2. **Establishment.** (a) Community Career Workforce Academies are established  
146.17 as a public-private partnership between school districts, higher education, business, local  
146.18 governments, and nonprofits that will prepare students and adults for high-skill jobs of the  
146.19 future in identified growth industries and address the state's workforce shortage.

146.20 (b) Community Career Workforce Academies must deliver six core benefits to students:

146.21 (1) a rigorous, relevant education in grades 9 to postsecondary, inclusive, focused on  
146.22 high-wage, high-demand careers;

146.23 (2) workplace learning that includes career exploration activities such as mentoring by  
146.24 industry professionals, worksite visits, speakers, and internships;

146.25 (3) intensive, individualized academic support by both secondary and postsecondary  
146.26 faculty within an extended academic year or school day that enables students to progress  
146.27 through the program at their own pace;

146.28 (4) an opportunity to earn a postsecondary credential or degree;

146.29 (5) a commitment to students who complete the program to be first in line for a job with  
146.30 participating business partners following completion of the program; and

147.1 (6) upskilling the current adult workforce with an emphasis on minority populations,  
147.2 new Minnesota residents, underskilled workers, and those who are unemployed or  
147.3 underemployed.

147.4 Subd. 3. Objectives. (a) A Community Career Workforce Academy must accomplish  
147.5 the following:

147.6 (1) develop programs of study in high-wage, high-skill, and high-demand career areas  
147.7 for students and adults while addressing the workforce shortage;

147.8 (2) align school, college, and community systems in the programs of study developed  
147.9 under this section;

147.10 (3) support strong academic performance by program participants;

147.11 (4) promote informed and appropriate career exploration choices and preparation; and

147.12 (5) ensure that employers in key technical and high-demand fields and occupations have  
147.13 access to a talented and skilled workforce.

147.14 (b) Through the programs of study developed under this section, participating students  
147.15 must be able to earn college course credits toward a postsecondary credential or degree.  
147.16 Career pathways must include workplace learning and high school and postsecondary  
147.17 coursework. These pathways will provide a seamless sequence of study to ensure alignment  
147.18 to high-wage, high-demand careers.

147.19 Subd. 4. Application. (a) A Community Career Workforce Academy shall apply through  
147.20 their area local workforce development board for grants from the commissioner of  
147.21 employment and economic development to be used in accordance with subdivision 5. The  
147.22 applications must be submitted by January 31, 2023, and must be rated on:

147.23 (1) the ability for the local workforce development board to provide adequate facilities  
147.24 for a Community Career Workforce Academy that provides the benefits described in  
147.25 subdivision 2;

147.26 (2) the ability for the Community Career Workforce Academy to provide adequate  
147.27 programming;

147.28 (3) the ability for the Community Career Workforce Academy to meet the objectives in  
147.29 subdivisions 2 and 3; and

147.30 (4) a regional workforce and talent plan.

147.31 (b) The commissioner of employment and economic development must rate applications  
147.32 using the criteria in this subdivision and determine which local workforce development

148.1 boards will receive grants under this section. Grants awarded to each local workforce  
148.2 development board must not exceed \$6,000,000. By March 31, 2023, the commissioner of  
148.3 employment and economic development must certify the grant amounts to be issued to each  
148.4 local workforce development board.

148.5 Subd. 5. **Use of grants.** Local workforce development boards receiving grants under  
148.6 this section must use the funds to support a Community Career Workforce Academy that  
148.7 meets the criteria under subdivisions 2 and 3. The funds provided under this section to a  
148.8 Community Career Workforce Academy by a local workforce development board may be  
148.9 used for facility capital needs and programming. The local workforce development board  
148.10 or a designee must administer the grant.

148.11 Subd. 6. **Appropriation.** (a) \$24,000,000 in fiscal year 2023 is appropriated from the  
148.12 general fund to the commissioner of employment and economic development for payments  
148.13 to local workforce development boards for grants under this section. The appropriation  
148.14 under this section must be used for the following purposes:

148.15 (1) up to \$12,000,000 must be used for grants under subdivision 7, paragraph (a);

148.16 (2) \$6,000,000 must be used for a grant under subdivision 7, paragraph (b); and

148.17 (3) \$6,000,000 must be used for a grant under subdivision 7, paragraph (c).

148.18 (b) This is a onetime appropriation. Any amount unexpended after August 15, 2023, is  
148.19 canceled.

148.20 (c) The commissioner of employment and economic development may use up to five  
148.21 percent of the amount under paragraph (a), clause (1) for administrative costs incurred under  
148.22 this section. Each local workforce development board may use up to ten percent of the total  
148.23 amount received under this section for administrative costs incurred from making payments  
148.24 under this section.

148.25 Subd. 7. **Grants.** (a) The commissioner of employment and economic development must  
148.26 make payment of the grant amounts to local workforce development boards certified under  
148.27 subdivision 4.

148.28 (b) The local workforce development board serving Clay County shall be issued a onetime  
148.29 payment in the amount of \$6,000,000 for the Moorhead Career Workforce Academy for  
148.30 capital facility needs and programming.

148.31 (c) The local workforce development board serving Olmsted County shall be issued a  
148.32 onetime payment in the amount of \$6,000,000 for the Greater Rochester Advocates for

149.1 Universities and Colleges for capital facility needs and programming at a simulation center  
149.2 in southeast Minnesota.

149.3 (d) Grants under paragraph (a) must be paid to local workforce development boards  
149.4 within 60 days of the certification by the commissioner of employment and economic  
149.5 development. The grants under paragraphs (b) and (c) must be paid by August 1, 2022.

149.6 (e) Grants and the process of making grants under this subdivision are exempt from the  
149.7 following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3;  
149.8 16B.97; and 16B.98, subdivisions 5, 7, and 8. The exemptions under this paragraph expire  
149.9 after June 30, 2023.

149.10 Subd. 8. **Report.** By January 31, 2024, the commissioner of employment and economic  
149.11 development must report to the legislative committees with jurisdiction over economic  
149.12 development policy and finance and taxes on the grants and the effectiveness of the  
149.13 Community Career Workforce Academies in meeting the objectives of subdivisions 2 and  
149.14 3 and the grant application.

149.15 Sec. 10. **STUDY OF STATE-OWNED LAKESHORE.**

149.16 No later than January 31, 2023, the commissioner of revenue, in consultation with the  
149.17 Department of Natural Resources and counties, must produce a report on valuation methods  
149.18 used to value the acreage and shoreline areas within all commissioner-administered and  
149.19 county-administered other natural resources land, as defined in Minnesota Statutes, section  
149.20 477A.11, subdivision 4. The report must include, by county, the most recent assessed value  
149.21 and acreage, and the assessed value and acreage for the two most recent assessments, as  
149.22 required under Minnesota Statutes, section 273.18, paragraph (b), aggregated by parcels  
149.23 containing shoreline and by parcels not containing shoreline area. Counties must report to  
149.24 the commissioner of revenue any necessary data by September 30, 2022. The commissioner  
149.25 must provide a copy of the report to the chairs and ranking minority members of the  
149.26 legislative committees with jurisdiction over taxes and property taxation.

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

149.28 Sec. 11. **CLASS 4D(1) LOW-INCOME RENTAL PROPERTY 2024 AND 2025**  
149.29 **TRANSITION AID; APPROPRIATION.**

149.30 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this  
149.31 subdivision have the meanings given.

150.1 (b) "4d(1) property" means class 4d(1) low-income rental property under Minnesota  
150.2 Statutes, section 273.13, subdivision 25.

150.3 (c) "Base assessment year" means assessment year 2022.

150.4 (d) "Local unit" means a home rule charter or statutory city.

150.5 (e) "Modified transition tax capacity" means the product of (1) one minus the transition  
150.6 ratio for the local unit, times (2) the transition tax capacity for the local unit.

150.7 (f) "Transition ratio" means the ratio of (1) the net tax capacity of 4d(1) property for the  
150.8 local unit in the base assessment year calculated using the classification rates and first-tier  
150.9 limit in effect for 4d(1) property for taxes payable in 2024, to (2) the net tax capacity of  
150.10 4d(1) property for the local unit in the base assessment year calculated using the classification  
150.11 rates and first-tier limit in effect for 4d(1) property for taxes payable in 2023.

150.12 (g) "Transition tax capacity" means the greater of zero or the difference between (1) the  
150.13 net tax capacity of 4d(1) property for the local unit in the base assessment year, minus (2)  
150.14 two percent of the total net tax capacity for the local unit in the base assessment year.

150.15 Subd. 2. **Aid amount.** In 2024 and 2025 only, transition aid for a local unit equals the  
150.16 product of (1) the local unit's tax rate for taxes payable in 2023, times (2) the modified  
150.17 transition tax capacity for the local unit.

150.18 Subd. 3. **Administration; payment schedule.** (a) For purposes of this section, net tax  
150.19 capacity must be determined by the commissioner of revenue based on information available  
150.20 to the commissioner as of July 15, 2023.

150.21 (b) The commissioner of revenue must notify a local unit of its transition aid amount  
150.22 before August 1 of the year preceding the aid distribution year and must pay the aid in two  
150.23 installments on the dates specified in Minnesota Statutes, section 477A.015.

150.24 Subd. 4. **Appropriation.** An amount sufficient to pay transition aid under this section  
150.25 is annually appropriated from the general fund to the commissioner of revenue.

150.26 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2024  
150.27 and 2025 only.

150.28 Sec. 12. **2019 LOCAL GOVERNMENT AID PENALTY FORGIVENESS; CITY**  
150.29 **OF ROOSEVELT; APPROPRIATION.**

150.30 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of  
150.31 Roosevelt shall receive its aid payment for calendar year 2019 under Minnesota Statutes,  
150.32 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision

151.1 3, provided that the state auditor certifies to the commissioner of revenue that the state  
151.2 auditor received the annual financial reporting form for 2018 from the city as well as all  
151.3 forms, including the audited financial statement for calendar year 2019, by June 1, 2022.  
151.4 The commissioner of revenue shall make a payment of \$25,410 on July 1, 2022.

151.5 (b) An amount sufficient to pay aid under this section is appropriated in fiscal year 2023  
151.6 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

151.8 **Sec. 13. 2021 AID PENALTY FORGIVENESS; CITY OF BENA.**

151.9 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Bena  
151.10 must receive the city's aid payment for calendar year 2021 under Minnesota Statutes, section  
151.11 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
151.12 and the city's small city assistance payment for calendar year 2021 under Minnesota Statutes,  
151.13 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision  
151.14 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue  
151.15 that the state auditor received the annual financial reporting form for 2020 from the city by  
151.16 June 1, 2022. The commissioner of revenue must make a payment of \$43,774 to the city  
151.17 by June 30, 2022.

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

151.19 **Sec. 14. 2021 AID PENALTY FORGIVENESS; CITY OF BOY RIVER.**

151.20 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Boy  
151.21 River must receive the city's aid payment for calendar year 2021 under Minnesota Statutes,  
151.22 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision  
151.23 3, and the city's small city assistance payment for calendar year 2021 under Minnesota  
151.24 Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145,  
151.25 subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner  
151.26 of revenue that the state auditor received the annual financial reporting form for 2020 from  
151.27 the city by June 1, 2022. The commissioner of revenue must make a payment of \$19,578  
151.28 to the city by June 30, 2022.

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

152.1 **Sec. 15. 2021 AID PENALTY FORGIVENESS; CITY OF ECHO.**

152.2 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo  
 152.3 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section  
 152.4 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
 152.5 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,  
 152.6 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision  
 152.7 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue  
 152.8 that the state auditor received the annual financial reporting form for 2020 from the city by  
 152.9 June 1, 2022. The commissioner of revenue must make a payment of \$46,060 to the city  
 152.10 by June 30, 2022.

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

152.12 **Sec. 16. 2021 AID PENALTY FORGIVENESS; CITY OF MORTON.**

152.13 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton  
 152.14 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section  
 152.15 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
 152.16 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,  
 152.17 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision  
 152.18 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue  
 152.19 that it received the annual financial reporting form for 2020 from the city by June 1, 2022.  
 152.20 The commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2022.

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

152.22 **ARTICLE 6**

152.23 **TAX INCREMENT FINANCING**

152.24 Section 1. Minnesota Statutes 2020, section 469.174, subdivision 14, is amended to read:

152.25 Subd. 14. **Administrative expenses.** (a) "Administrative expenses" or "administrative  
 152.26 costs" means all documented expenditures of an authority ~~other than~~ or municipality,  
 152.27 including but not limited to:

152.28 (1) amounts paid for services provided by bond counsel, fiscal consultants, and economic  
 152.29 development consultants;

152.30 (2) allocated expenses and staff time of the authority or municipality for administering  
 152.31 a project, including but not limited to preparing the tax increment financing plan, negotiating  
 152.32 and preparing agreements, accounting for segregated funds of the district, preparing and



153.1 submitting required reporting for the district, and reviewing and monitoring compliance  
 153.2 with sections 469.174 to 469.1794;

153.3 (3) amounts paid to publish annual disclosures and provide notices under section 469.175;

153.4 (4) amounts to provide for the usual and customary maintenance and operation of  
 153.5 properties purchased with tax increments, including necessary reserves for repairs and the  
 153.6 cost of any insurance;

153.7 (5) amounts allocated or paid to prepare a development action response plan for a soils  
 153.8 condition district or hazardous substance subdistrict; and

153.9 (6) amounts used to pay bonds, interfund loans, or other financial obligations to the  
 153.10 extent those obligations were used to finance costs described in clauses (1) to (5).

153.11 (b) Administrative expenses and administrative costs do not include:

153.12 (1) amounts paid for the purchase of land and buildings;

153.13 (2) amounts paid to contractors or others providing materials and services, including  
 153.14 architectural and engineering services, directly connected with the physical development  
 153.15 of the real property in the project, including architectural and engineering services and  
 153.16 materials and services for demolition, soil correction, and the construction or installation  
 153.17 of public improvements;

153.18 (3) relocation benefits paid to or services provided for persons residing or businesses  
 153.19 located in the project;

153.20 ~~(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount~~  
 153.21 ~~bonds issued pursuant to section 469.178; or~~

153.22 ~~(5) (4) amounts paid for property taxes or payments in lieu of taxes; and~~

153.23 (5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount  
 153.24 bonds issued pursuant to section 469.178 or other financial obligations to the extent those  
 153.25 obligations were used to finance costs described in clauses (1) to (3) (4).

153.26 ~~For districts for which the requests for certifications were made before August 1, 1979,~~  
 153.27 ~~or after June 30, 1982, "administrative expenses" includes amounts paid for services provided~~  
 153.28 ~~by bond counsel, fiscal consultants, and planning or economic development consultants.~~

153.29 This definition does not apply to administrative expenses or administrative costs referenced  
 153.30 under section 469.176, subdivision 4h.

154.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
154.2 applies to all districts, regardless of when the request for certification was made.

154.3 Sec. 2. Minnesota Statutes 2020, section 469.174, is amended by adding a subdivision to  
154.4 read:

154.5 Subd. 30. **Pay-as-you-go contract and note.** "Pay-as-you-go contract and note" means  
154.6 a written note or contractual obligation under which all of the following apply:

154.7 (1) the note or contractual obligation evidences an authority's commitment to reimburse  
154.8 a developer, property owner, or note holder for the payment of costs of activities, including  
154.9 any interest on unreimbursed costs;

154.10 (2) the reimbursement is made from tax increment revenues identified in the note or  
154.11 contractual obligation as received by a municipality or authority as taxes are paid; and

154.12 (3) the risk that available tax increments may be insufficient to fully reimburse the costs  
154.13 is borne by the developer, property owner, or note holder.

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

154.15 Sec. 3. Minnesota Statutes 2020, section 469.176, subdivision 3, is amended to read:

154.16 **Subd. 3. Limitation on administrative expenses.** (a) For districts for which certification  
154.17 was requested before August 1, 2001, no tax increment shall be used to pay any  
154.18 administrative expenses for a project which exceed ten percent of the total estimated tax  
154.19 increment expenditures authorized by the tax increment financing plan or ten percent of the  
154.20 total tax increment expenditures for the project net of any amounts returned to the county  
154.21 auditor as excess increment; as returned increment under section 469.1763, subdivision 4,  
154.22 paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

154.23 (b) For districts for which certification was requested after July 31, 2001, no tax increment  
154.24 may be used to pay any administrative expenses for a project which exceed ten percent of  
154.25 total estimated tax increment expenditures authorized by the tax increment financing plan  
154.26 or ten percent of the total tax increments, as defined in section 469.174, subdivision 25,  
154.27 clause (1), ~~from~~ received for the district net of any amounts returned to the county auditor  
154.28 as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph  
154.29 (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

154.30 (c) Increments used to pay the county's administrative expenses under subdivision 4h  
154.31 are not subject to the percentage limits in this subdivision.

155.1 (d) Increments defined under section 469.174, subdivision 25, clause (2), used for  
155.2 administrative expenses described under section 469.174, subdivision 14, paragraph (a),  
155.3 clause (4), are not subject to the percentage limits in this subdivision.

155.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
155.5 applies to all districts, regardless of when the request for certification was made.

155.6 Sec. 4. Minnesota Statutes 2020, section 469.176, subdivision 4, is amended to read:

155.7 Subd. 4. **Limitation on use of tax increment; general rule.** All revenues derived from  
155.8 tax increment shall be used in accordance with the tax increment financing plan. The revenues  
155.9 shall be used solely for the following purposes: (1) to pay the principal of and interest on  
155.10 bonds issued to finance a project; (2) by a rural development financing authority for the  
155.11 purposes stated in section 469.142<sub>2</sub>; by a port authority or municipality exercising the powers  
155.12 of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections  
155.13 469.048 to 469.068<sub>2</sub>; by an economic development authority to finance or otherwise pay  
155.14 the cost of redevelopment pursuant to sections 469.090 to 469.108<sub>2</sub>; by a housing and  
155.15 redevelopment authority or economic development authority to finance or otherwise pay  
155.16 public redevelopment costs pursuant to sections 469.001 to 469.047<sub>2</sub>; by a municipality or  
155.17 economic development authority to finance or otherwise pay the capital and administration  
155.18 costs of a development district pursuant to sections 469.124 to 469.133<sub>2</sub>; by a municipality  
155.19 or authority to finance or otherwise pay the costs of developing and implementing a  
155.20 development action response plan<sub>2</sub>; by a municipality or redevelopment agency to finance  
155.21 or otherwise pay premiums for insurance or other security guaranteeing the payment when  
155.22 due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to  
155.23 469.165, or both, or to accumulate and maintain a reserve securing the payment when due  
155.24 of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to  
155.25 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth  
155.26 anniversary of the date of issue of the first bond issue secured by the reserve, an amount  
155.27 equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased  
155.28 bonds secured by the reserve; and (3) to pay administrative expenses.

155.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
155.30 applies to all districts, regardless of when the request for certification was made.

155.31 Sec. 5. Minnesota Statutes 2020, section 469.176, subdivision 4c, is amended to read:

155.32 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment  
155.33 from an economic development district may not be used to provide improvements, loans,

156.1 subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting  
156.2 of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities  
156.3 (determined on the basis of square footage) are used for a purpose other than:

156.4 (1) the manufacturing or production of tangible personal property, including processing  
156.5 resulting in the change in condition of the property;

156.6 (2) warehousing, storage, and distribution of tangible personal property, excluding retail  
156.7 sales;

156.8 (3) research and development related to the activities listed in clause (1) or (2);

156.9 (4) telemarketing if that activity is the exclusive use of the property;

156.10 (5) tourism facilities;

156.11 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

156.12 (7) a workforce housing project that satisfies the requirements of paragraph (d).

156.13 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax  
156.14 increment from an economic development district may be used to provide improvements,  
156.15 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000  
156.16 square feet of any separately owned commercial facility located within the municipal  
156.17 jurisdiction of a small city, if the revenues derived from increments are spent only to assist  
156.18 the facility directly or for administrative expenses, the assistance is necessary to develop  
156.19 the facility, and all of the increments, except those for administrative expenses, are spent  
156.20 only for activities within the district. If the separately owned commercial facility is a  
156.21 multilevel facility, the 15,000 square feet limitation under this paragraph shall apply to the  
156.22 first floor only. For purposes of this paragraph, "first floor" means the floor at street level.

156.23 (c) A city is a small city for purposes of this subdivision if the city was a small city in  
156.24 the year in which the request for certification was made and applies for the rest of the  
156.25 duration of the district, regardless of whether the city qualifies or ceases to qualify as a  
156.26 small city.

156.27 (d) A project qualifies as a workforce housing project under this subdivision if:

156.28 (1) increments from the district are used exclusively to assist in the acquisition of  
156.29 property; construction of improvements; and provision of loans or subsidies, grants, interest  
156.30 rate subsidies, public infrastructure, and related financing costs for rental housing  
156.31 developments in the municipality;

157.1 (2) the governing body of the municipality made the findings for the project required  
157.2 by section 469.175, subdivision 3, paragraph (f); and

157.3 (3) the governing bodies of the county and the school district, following receipt, review,  
157.4 and discussion of the materials required by section 469.175, subdivision 2, for the tax  
157.5 increment financing district, have each approved the tax increment financing plan, by  
157.6 resolution.

157.7 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
157.8 certification was made after December 31, 2021.

157.9 Sec. 6. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 2, is amended  
157.10 to read:

157.11 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,  
157.12 an amount equal to at least 75 percent of the total revenue derived from tax increments paid  
157.13 by properties in the district must be expended on activities in the district or to pay bonds,  
157.14 to the extent that the proceeds of the bonds were used to finance activities in the district or  
157.15 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other  
157.16 than redevelopment districts for which the request for certification was made after June 30,  
157.17 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not  
157.18 more than 25 percent of the total revenue derived from tax increments paid by properties  
157.19 in the district may be expended, through a development fund or otherwise, on activities  
157.20 outside of the district but within the defined geographic area of the project except to pay,  
157.21 or secure payment of, debt service on credit enhanced bonds. For districts, other than  
157.22 redevelopment districts for which the request for certification was made after June 30, 1995,  
157.23 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues  
157.24 derived from tax increments paid by properties in the district that are expended on costs  
157.25 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating  
157.26 the percentages that must be expended within and without the district.

157.27 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
157.28 subdivision 11, is an activity in the district.

157.29 (c) All administrative expenses are considered to be expenditures for activities outside  
157.30 of the district, except that if the only expenses for activities outside of the district under this  
157.31 subdivision are for the purposes described in paragraph (d), administrative expenses will  
157.32 be considered as expenditures for activities in the district.

158.1 (d) The authority may elect, in the tax increment financing plan for the district, to increase  
158.2 by up to ten percentage points the permitted amount of expenditures for activities located  
158.3 outside the geographic area of the district under paragraph (a). As permitted by section  
158.4 469.176, subdivision 4k, the expenditures, including the permitted expenditures under  
158.5 paragraph (a), need not be made within the geographic area of the project. Expenditures  
158.6 that meet the requirements of this paragraph are legally permitted expenditures of the district,  
158.7 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase  
158.8 under this paragraph, the expenditures must:

158.9 (1) be used exclusively to assist housing that meets the requirement for a qualified  
158.10 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

158.11 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the  
158.12 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal  
158.13 Revenue Code; and

158.14 (3) be used to:

158.15 (i) acquire and prepare the site of the housing;

158.16 (ii) acquire, construct, or rehabilitate the housing; or

158.17 (iii) make public improvements directly related to the housing; or

158.18 (4) be used to develop housing:

158.19 (i) if the market value of the housing does not exceed the lesser of:

158.20 (A) 150 percent of the average market value of single-family homes in that municipality;

158.21 or

158.22 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section  
158.23 473.121, or \$125,000 for all other municipalities; and

158.24 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition  
158.25 of existing structures, site preparation, and pollution abatement on one or more parcels, if  
158.26 the parcel contains a residence containing one to four family dwelling units that has been  
158.27 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision  
158.28 7, but without regard to whether the residence is the owner's principal residence, and only  
158.29 after the redemption period has expired; or

158.30 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,  
158.31 subdivision 2.

159.1 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.  
 159.2 Increments may continue to be expended under this authority after that date, if they are used  
 159.3 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if  
 159.4 December 31, 2016, is considered to be the last date of the five-year period after certification  
 159.5 under that provision.

159.6 (f) For purposes of determining whether the minimum percentage of expenditures for  
 159.7 activities in the district and maximum percentages of expenditures allowed on activities  
 159.8 outside the district have been met under this subdivision, any amounts returned to the county  
 159.9 auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or  
 159.10 as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total  
 159.11 revenues derived from tax increments paid by properties in the district. Any other amounts  
 159.12 returned to the county auditor for purposes other than a remedy under section 469.1771,  
 159.13 subdivision 3, are considered to be expenditures for activities in the district.

159.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 159.15 applies to all districts with a request for certification date after April 30, 1990, except that  
 159.16 paragraph (f) shall apply to districts decertifying after December 31, 2022.

159.17 Sec. 7. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 3, is amended  
 159.18 to read:

159.19 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
 159.20 in the district ~~that are considered to have been~~ expended on an activity within the district  
 159.21 ~~under~~ will instead be considered to have been expended on an activity outside the district  
 159.22 for purposes of subdivision 2 only if one of the following occurs unless:

159.23 (1) before or within five years after certification of the district, the revenues are actually  
 159.24 paid to a third party with respect to the activity;

159.25 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
 159.26 sold to a third party before or within five years after certification of the district, the revenues  
 159.27 are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,  
 159.28 reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii)  
 159.29 a reasonable temporary period within the meaning of the use of that term under section  
 159.30 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve  
 159.31 or replacement fund;

160.1 (3) binding contracts with a third party are entered into for performance of the activity  
 160.2 before or within five years after certification of the district and the revenues are spent under  
 160.3 the contractual obligation;

160.4 (4) costs with respect to the activity are paid before or within five years after certification  
 160.5 of the district and the revenues are spent to reimburse a party for payment of the costs,  
 160.6 including interest on unreimbursed costs; or

160.7 (5) ~~expenditures are made~~ revenues are spent for housing purposes as ~~permitted~~ described  
 160.8 by subdivision 2, ~~paragraphs~~ paragraph (b) and (d), ~~or for public infrastructure purposes~~  
 160.9 ~~within a zone as permitted by subdivision 2, paragraph (e).~~

160.10 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the  
 160.11 original refunded bonds meet the requirements of paragraph (a), clause (2).

160.12 (c) For a redevelopment district or a renewal and renovation district certified after June  
 160.13 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
 160.14 extended to ten years after certification of the district. For a redevelopment district certified  
 160.15 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
 160.16 (a) are extended to eight years after certification of the district. This extension is provided  
 160.17 primarily to accommodate delays in development activities due to unanticipated economic  
 160.18 circumstances.

160.19 (d) For a redevelopment district that was certified after December 31, 2017, and before  
 160.20 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years  
 160.21 after certification of the district.

160.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 160.23 applies to all districts with a request for certification date after April 30, 1990.

160.24 Sec. 8. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 4, is amended  
 160.25 to read:

160.26 **Subd. 4. Use of revenues for decertification.** ~~(a) In each year beginning with the sixth~~  
 160.27 ~~year following certification of the district, or beginning with the ninth year following~~  
 160.28 ~~certification of the district for districts whose five-year rule is extended to eight years under~~  
 160.29 ~~subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived~~  
 160.30 ~~from tax increments paid by properties in the district exceeds the amount of expenditures~~  
 160.31 ~~that have been made for costs permitted under subdivision 3, an amount equal to the~~  
 160.32 ~~difference between the in-district percent of the revenues derived from tax increments paid~~  
 160.33 ~~by properties in the district and the amount of expenditures that have been made for costs~~



161.1 ~~permitted under subdivision 3 must be used and only used to pay or defease the following~~  
 161.2 ~~or be set aside to pay the following:~~

161.3 ~~(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);~~

161.4 ~~(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);~~

161.5 ~~(3) credit enhanced bonds to which the revenues derived from tax increments are pledged,~~  
 161.6 ~~but only to the extent that revenues of the district for which the credit enhanced bonds were~~  
 161.7 ~~issued are insufficient to pay the bonds and to the extent that the increments from the~~  
 161.8 ~~applicable pooling percent share for the district are insufficient; or~~

161.9 ~~(4) the amount provided by the tax increment financing plan to be paid under subdivision~~  
 161.10 ~~2, paragraphs (b), (d), and (e).~~

161.11 ~~(b) The~~ (a) Beginning with the sixth year following certification of the district, or  
 161.12 beginning with the year following the extended period for districts whose five-year period  
 161.13 is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and  
 161.14 ~~the pledge of tax increment discharged when the outstanding bonds have been defeased and~~  
 161.15 ~~when sufficient money has been set aside to pay, based on~~ the product of the applicable  
 161.16 in-district percentage multiplied by the increment to be cumulative revenues derived from  
 161.17 tax increments paid by properties in the district that have been collected through the end of  
 161.18 the calendar year, equals or exceeds an amount sufficient to pay the following amounts:

161.19 ~~(1) contractual~~ any costs and obligations as defined described ~~in subdivision 3, paragraph~~  
 161.20 ~~paragraphs (a), clauses (3) and (4); and (b), excluding those under a qualifying pay-as-you-go~~  
 161.21 contract and note;

161.22 ~~(2) the amount specified in the tax increment financing plan for activities qualifying~~  
 161.23 ~~under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds~~  
 161.24 ~~qualifying under paragraph (a), clause (1); and~~

161.25 ~~(3) the additional expenditures permitted by the tax increment financing plan for housing~~  
 161.26 ~~activities under an election under subdivision 2, paragraph (d), that have not been funded~~  
 161.27 ~~with the proceeds of bonds qualifying under paragraph (a), clause (1).~~

161.28 (2) any accrued interest on the costs and obligations in clause (1), payable in accordance  
 161.29 with the terms thereof; and

161.30 (3) any administrative expenses falling within the exception in subdivision 2, paragraph  
 161.31 (c).

162.1 (b) For districts with an outstanding qualifying pay-as-you-go contract and note, the  
162.2 required decertification under paragraph (a) is deferred until the end of the remaining term  
162.3 of the last outstanding qualifying pay-as-you-go contract and note, and the applicable  
162.4 in-district percentage of cumulative revenues derived from tax increments paid by properties  
162.5 in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs  
162.6 (a) and (b), provided that the deferral shall not exceed the district's duration limit under  
162.7 section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise  
162.8 require decertification, the authority must annually either:

162.9 (1) remove from the district, by the end of the year, all parcels that will no longer have  
162.10 their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and  
162.11 note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after  
162.12 the end of the year; or

162.13 (2) use the applicable in-district percentage of revenues derived from tax increments  
162.14 paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note  
162.15 of the district or other costs and obligations described in subdivision 3, paragraphs (a) and  
162.16 (b), or to accumulate and use revenues derived from tax increments paid by those parcels  
162.17 as permitted under paragraph (i).

162.18 The authority must remove any parcels as required by this paragraph by modification  
162.19 of the tax increment financing plan and notify the county auditor of the removed parcels by  
162.20 the end of the same calendar year. Notwithstanding section 469.175, subdivision 4,  
162.21 paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings  
162.22 required for approval of the original plan are not required for such a modification.

162.23 (c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August  
162.24 1, 2022, to a bond other than a pay-as-you-go contract and note or interfund loan, and the  
162.25 proceeds of the bond were used solely or in part to pay authorized costs for activities outside  
162.26 the district, the requirement to decertify under paragraph (a) or remove parcels under  
162.27 paragraph (b) shall not apply prior to the bond being fully paid or defeased.

162.28 (d) For purposes of this subdivision, "applicable in-district percentage" means the  
162.29 percentage of tax increment revenue that is restricted for expenditures within the district,  
162.30 as determined under subdivision 2, paragraphs (a) and (d), for the district.

162.31 (e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means  
162.32 a pay-as-you-go contract and note that is considered to be for activities within the district  
162.33 under subdivision 3, paragraph (a).

163.1 (f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues  
163.2 derived from tax increments paid by properties in the district through the end of the calendar  
163.3 year shall include any final settlement distributions made in the following January. For  
163.4 purposes of the calculation in paragraph (a), any amounts returned to the county auditor as  
163.5 excess increment or as remedies under section 469.1771, subdivision 2, shall first be  
163.6 subtracted from the cumulative revenues derived from tax increments paid by properties in  
163.7 the district.

163.8 (g) The timing and implementation of a decertification pursuant to paragraphs (a) and  
163.9 (b) shall be subject to the following:

163.10 (1) when a decertification is required under paragraph (a) and not deferred under  
163.11 paragraph (b), the authority must, as soon as practical and no later than the final settlement  
163.12 distribution date of January 25 as identified in section 276.111 for the property taxes payable  
163.13 in the calendar year identified in paragraph (a), make the decertification by resolution  
163.14 effective for the end of the calendar year identified in paragraph (a), and communicate the  
163.15 decertification to the county auditor;

163.16 (2) when a decertification is deferred under paragraph (b), the authority must, by  
163.17 December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches  
163.18 termination, make the decertification by resolution effective for the end of that calendar  
163.19 year and communicate the decertification to the county auditor;

163.20 (3) if the county auditor is unable to prevent tax increments from being calculated for  
163.21 taxes payable in the year following the year for which the decertification is made effective,  
163.22 the county auditor may redistribute the tax increments in the same manner as excess  
163.23 increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first  
163.24 distributing them to the authority; and

163.25 (4) if tax increments are distributed to an authority for a taxes payable year after the year  
163.26 for which the decertification was required to be effective, the authority must return the  
163.27 amount of the distributions to the county auditor for redistribution in the same manner as  
163.28 excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

163.29 (h) The provisions of this subdivision do not apply to a housing district.

163.30 (i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has  
163.31 made the election in the tax increment financing plan for the district under subdivision 2,  
163.32 paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under  
163.33 paragraph (b) shall not apply prior to such time that the accumulated revenues derived from  
163.34 tax increments paid by properties in the district that are eligible to be expended for housing

164.1 purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the  
 164.2 authority is permitted to expend for housing purposes described under subdivision 2,  
 164.3 paragraph (d), or the amount authorized for such purposes in the tax increment financing  
 164.4 plan. Increment revenues collected after the district would have decertified under paragraph  
 164.5 (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent  
 164.6 the exception of this paragraph, shall be used solely for housing purposes as described in  
 164.7 subdivision 2, paragraph (d).

164.8 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 164.9 applies to all districts with a request for certification after April 30, 1990, except that the  
 164.10 requirements under paragraph (b) to remove parcels or use revenues from such parcels as  
 164.11 prescribed in paragraph (b) apply only to districts for which the request for certification  
 164.12 was made after the day following final enactment.

164.13 Sec. 9. Minnesota Statutes 2020, section 469.1763, subdivision 6, is amended to read:

164.14 Subd. 6. **Pooling permitted for deficits.** (a) This subdivision applies only to districts  
 164.15 for which the request for certification was made before August 1, 2001, and without regard  
 164.16 to whether the request for certification was made prior to August 1, 1979.

164.17 (b) The municipality for the district may transfer available increments from another tax  
 164.18 increment financing district located in the municipality, if the transfer is necessary to  
 164.19 eliminate a deficit in the district to which the increments are transferred. The municipality  
 164.20 may transfer increments as provided by this subdivision without regard to whether the  
 164.21 transfer or expenditure is authorized by the tax increment financing plan for the district  
 164.22 from which the transfer is made. A deficit in the district for purposes of this subdivision  
 164.23 means the lesser of the following two amounts:

164.24 (1) ~~(i)~~ the amount due during the calendar year to pay preexisting obligations of the  
 164.25 district; minus the sum of

164.26 ~~(ii)~~ (i) the total increments collected or to be collected from properties located within  
 164.27 the district that are available for the calendar year including amounts collected in prior years  
 164.28 that are currently available; plus

164.29 ~~(iii)~~ (ii) total increments from properties located in other districts in the municipality  
 164.30 including amounts collected in prior years that are available to be used to meet the district's  
 164.31 obligations under this section, excluding this subdivision, or other provisions of law; or

164.32 (2) the reduction in increments collected from properties located in the district for the  
 164.33 calendar year as a result of the changes in classification rates in Laws 1997, chapter 231,

165.1 article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001,  
165.2 First Special Session chapter 5, or the elimination of the general education tax levy under  
165.3 Laws 2001, First Special Session chapter 5.

165.4 The authority may compute the deficit amount under clause (1) only (without regard to  
165.5 the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution,  
165.6 to use increments from the district to which increments are to be transferred and any  
165.7 transferred increments are only used to pay preexisting obligations and administrative  
165.8 expenses for the district that are required to be paid under section 469.176, subdivision 4h,  
165.9 paragraph (a).

165.10 (c) A preexisting obligation means:

165.11 (1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding  
165.12 contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued  
165.13 to refund such bonds or to reimburse expenditures made in conjunction with a signed  
165.14 contractual agreement entered into before August 1, 2001, to the extent that the bonds are  
165.15 secured by a pledge of increments from the tax increment financing district; and

165.16 (2) binding contracts entered into before August 1, 2001, to the extent that the contracts  
165.17 require payments secured by a pledge of increments from the tax increment financing district.

165.18 (d) The municipality may require a development authority, other than a seaway port  
165.19 authority, to transfer available increments including amounts collected in prior years that  
165.20 are currently available for any of its tax increment financing districts in the municipality to  
165.21 make up an insufficiency in another district in the municipality, regardless of whether the  
165.22 district was established by the development authority or another development authority.

165.23 This authority applies notwithstanding any law to the contrary, but applies only to a  
165.24 development authority that:

165.25 (1) was established by the municipality; or

165.26 (2) the governing body of which is appointed, in whole or part, by the municipality or  
165.27 an officer of the municipality or which consists, in whole or part, of members of the  
165.28 governing body of the municipality. The municipality may use this authority only after it  
165.29 has first used all available increments of the receiving development authority to eliminate  
165.30 the insufficiency and exercised any permitted action under section 469.1792, subdivision  
165.31 3, for preexisting districts of the receiving development authority to eliminate the  
165.32 insufficiency.

166.1 (e) The authority under this subdivision to spend tax increments outside of the area of  
166.2 the district from which the tax increments were collected:

166.3 (1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e,  
166.4 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other  
166.5 provisions of this section; and the percentage restrictions under subdivision 2 must be  
166.6 calculated after deducting increments spent under this subdivision from the total increments  
166.7 for the district; and

166.8 (2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect  
166.9 for districts for which the request for certification was made before June 30, 1982, or any  
166.10 other law to the contrary.

166.11 (f) If a preexisting obligation requires the development authority to pay an amount that  
166.12 is limited to the increment from the district or a specific development within the district and  
166.13 if the obligation requires paying a higher amount to the extent that increments are available,  
166.14 the municipality may determine that the amount due under the preexisting obligation equals  
166.15 the higher amount and may authorize the transfer of increments under this subdivision to  
166.16 pay up to the higher amount. The existence of a guarantee of obligations by the individual  
166.17 or entity that would receive the payment under this paragraph is disregarded in the  
166.18 determination of eligibility to pool under this subdivision. The authority to transfer increments  
166.19 under this paragraph may only be used to the extent that the payment of all other preexisting  
166.20 obligations in the municipality due during the calendar year have been satisfied.

166.21 (g) For transfers of increments made in calendar year 2005 and later, the reduction in  
166.22 increments as a result of the elimination of the general education tax levy for purposes of  
166.23 paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for  
166.24 the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes  
166.25 payable in 2001, multiplied by the captured tax capacity of the district for the current taxes  
166.26 payable year.

166.27 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
166.28 applies only to districts for which the request for certification was made before August 1,  
166.29 2001, and without regard to whether the request for certification was made prior to August  
166.30 1, 1979.

166.31 Sec. 10. Minnesota Statutes 2020, section 469.1771, subdivision 2, is amended to read:

166.32 Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property  
166.33 in a tax increment financing district that does not qualify for inclusion or retention within

167.1 the district, the authority must pay to the county auditor an amount of money equal to the  
 167.2 increment collected from the property for the year or years. The property must be eliminated  
 167.3 from the original and captured tax capacity of the district effective for the current property  
 167.4 tax assessment year. ~~This subdivision does not apply to a failure to decertify a district at~~  
 167.5 ~~the end of the duration limit specified in the tax increment financing plan.~~

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

167.7 Sec. 11. Minnesota Statutes 2020, section 469.1771, subdivision 2a, is amended to read:

167.8 Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make  
 167.9 a disclosure or to submit a report containing the information required by section 469.175,  
 167.10 subdivisions 5 and 6, regarding a tax increment financing district within the time provided  
 167.11 in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written  
 167.12 notice that it or the municipality has failed to make the required disclosure or to submit a  
 167.13 required report with respect to a particular district. The state auditor shall mail the notice  
 167.14 on or before the third Tuesday of August of the year in which the disclosure or report was  
 167.15 required to be made or submitted. The notice must describe the consequences of failing to  
 167.16 disclose or submit a report as provided in paragraph (b). If the state auditor has not received  
 167.17 a copy of a disclosure or a report described in this paragraph on or before the first day of  
 167.18 October of the year in which the disclosure or report was required to be made or submitted,  
 167.19 the state auditor shall mail a written notice to the county auditor to hold the distribution of  
 167.20 tax increment from a particular district.

167.21 (b) Upon receiving written notice from the state auditor to hold the distribution of tax  
 167.22 increment, the county auditor shall hold all tax increment that otherwise would be distributed  
 167.23 after receipt of the notice, until further notified under paragraph (c).

167.24 ~~(1) 100 percent of the amount of tax increment that otherwise would be distributed, if~~  
 167.25 ~~the distribution is made after the first day of October but during the year in which the~~  
 167.26 ~~disclosure or report was required to be made or submitted; or~~

167.27 ~~(2) 100 percent of the amount of tax increment that otherwise would be distributed, if~~  
 167.28 ~~the distribution is made after December 31 of the year in which the disclosure or report was~~  
 167.29 ~~required to be made or submitted.~~

167.30 (c) Upon receiving the copy of the disclosure and all of the reports described in paragraph  
 167.31 (a) with respect to a district regarding which the state auditor has mailed to the county  
 167.32 auditor a written notice to hold distribution of tax increment, the state auditor shall mail to  
 167.33 the county auditor a written notice lifting the hold and authorizing the county auditor to

168.1 distribute to the authority or municipality any tax increment that the county auditor had held  
168.2 pursuant to paragraph (b). The state auditor shall mail the written notice required by this  
168.3 paragraph within five working days after receiving the last outstanding item. The county  
168.4 auditor shall distribute the tax increment to the authority or municipality within 15 working  
168.5 days after receiving the written notice required by this paragraph.

168.6 (d) Notwithstanding any law to the contrary, any interest that accrues on tax increment  
168.7 while it is being held by the county auditor pursuant to paragraph (b) is not tax increment  
168.8 and may be retained by the county.

168.9 (e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision  
168.10 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered  
168.11 distributed to or received by the authority or municipality as of the time that it would have  
168.12 been distributed or received but for paragraph (b).

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

168.14 Sec. 12. Minnesota Statutes 2020, section 469.1771, subdivision 3, is amended to read:

168.15 Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax  
168.16 increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a  
168.17 permitted project under ~~section 469.176~~ sections 469.174 to 469.1794, (2) for a purpose  
168.18 that is not permitted under ~~section 469.176~~ sections 469.174 to 469.1794 for the district  
168.19 from which the increment was received, or (3) on activities outside of the geographic area  
168.20 in which the revenues may be expended under this chapter, the authority must pay to the  
168.21 county auditor an amount equal to the expenditures made in violation of the law.

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

168.23 Sec. 13. Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended by  
168.24 Laws 2008, chapter 366, article 5, section 21, and Laws 2019, First Special Session chapter  
168.25 6, article 7, section 1, is amended to read:

168.26 Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins may  
168.27 elect to extend the duration of its redevelopment tax increment financing district 2-11 by  
168.28 up to four additional years.

168.29 (b) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, effective upon  
168.30 approval of this subdivision, no increments may be spent on activities located outside of  
168.31 the area of the district, other than:



169.1 (1) to pay administrative expenses, not to exceed ten percent of the total tax increments  
169.2 from the district; or

169.3 (2) to pay the costs of housing or redevelopment activities that are consistent with  
169.4 Minnesota Statutes, section 469.176, subdivision 4j, provided that expenditures under this  
169.5 clause may not exceed ~~20~~ 25 percent of the total tax increments from the district.

169.6 The total amount of increment that may be spent on activities located outside the area of  
169.7 the district under this section shall be limited to ~~25~~ 28 percent.

169.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
169.9 city of Hopkins and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
169.10 subdivisions 2 and 3.

169.11 Sec. 14. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

169.12 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
169.13 financing plan for a district, the rules under this section apply to a redevelopment district,  
169.14 renewal and renovation district, soil condition district, or soil deficiency district established  
169.15 by the city or a development authority of the city in the project area.

169.16 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
169.17 rules under this subdivision, the city must find by resolution that parcels consisting of at  
169.18 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
169.19 are characterized by one or more of the following conditions:

169.20 (1) peat or other soils with geotechnical deficiencies that impair development of  
169.21 commercial buildings or infrastructure;

169.22 (2) soils or terrain that require substantial filling in order to permit the development of  
169.23 commercial buildings or infrastructure;

169.24 (3) landfills, dumps, or similar deposits of municipal or private waste;

169.25 (4) quarries or similar resource extraction sites;

169.26 (5) floodway; and

169.27 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,  
169.28 subdivision 10.

169.29 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
169.30 relevant condition if at least 70 percent of the area of the parcel contains the relevant  
169.31 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by

170.1 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
170.2 parcel.

170.3 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
170.4 extended to ~~eight~~ 11 years for any district; the five-year period under Minnesota Statutes,  
170.5 section 469.175, subdivision 4, paragraph (f), is extended to eight years for any district; and  
170.6 Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

170.7 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
170.8 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
170.9 increments paid by properties in any district, measured over the life of the district, may be  
170.10 expended on activities outside the district but within the project area.

170.11 (f) For a soil deficiency district:

170.12 (1) increments may be collected through 20 years after the receipt by the authority of  
170.13 the first increment from the district;

170.14 (2) increments may be used only to:

170.15 (i) acquire parcels on which the improvements described in item (ii) will occur;

170.16 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
170.17 cost of installing public improvements directly caused by the deficiencies; and

170.18 (iii) pay for the administrative expenses of the authority allocable to the district; and

170.19 (3) any parcel acquired with increments from the district must be sold at no less than  
170.20 their fair market value.

170.21 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
170.22 district but within the project area, are deemed to satisfy the requirements of Minnesota  
170.23 Statutes, section 469.176, subdivision 4j.

170.24 (h) The authority to approve tax increment financing plans to establish tax increment  
170.25 financing districts under this section expires June 30, 2020.

170.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
170.27 city of Savage and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
170.28 subdivisions 2 and 3.

171.1 **Sec. 15. CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT;**  
171.2 **SPECIAL RULES.**

171.3 **Subdivision 1. Transfer of increment.** Notwithstanding Minnesota Statutes, section  
171.4 469.176, subdivision 4j, the city of Fridley, or its economic development authority, may  
171.5 transfer tax increment accumulated from Fridley Tax Increment Financing District No. 20  
171.6 to the Fridley Housing and Redevelopment Authority for the purposes authorized in  
171.7 subdivision 2. Only increment allowed to be expended outside of the district pursuant to  
171.8 Minnesota Statutes, section 469.1763, subdivision 2, may be transferred under this section.

171.9 **Subd. 2. Allowable use.** Tax increment transferred under subdivision 1 must be used  
171.10 only to:

171.11 (1) make grants, loans, and loan guarantees for the development, rehabilitation, or  
171.12 financing of housing; or

171.13 (2) match other funds from federal, state, or private resources for housing projects.

171.14 **Subd. 3. Annual financial reporting.** Tax increment transferred under this section is  
171.15 subject to the annual reporting requirements under Minnesota Statutes, section 469.175,  
171.16 subdivision 6.

171.17 **Subd. 4. Legislative reports.** By February 1, 2024, and February 1, 2026, the city of  
171.18 Fridley must issue a report to the chairs and ranking minority members of the legislative  
171.19 committees with jurisdiction over taxes and property taxes. Each report must include detailed  
171.20 information relating to each program financed with increment transferred under this section.

171.21 **Subd. 5. Expiration.** The authority to make transfers under subdivision 1 expires  
171.22 December 31, 2026.

171.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
171.24 city of Fridley and its chief clerical officer comply with the requirements of Minnesota  
171.25 Statutes, section 645.021, subdivisions 2 and 3.

171.26 **Sec. 16. CITY OF PLYMOUTH; TIF AUTHORITY.**

171.27 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2 of  
171.28 this section, the city of Plymouth may establish a redevelopment district located wholly  
171.29 within the city of Plymouth, Hennepin County, Minnesota, limited to the following parcels,  
171.30 identified by tax identification numbers, together with adjacent roads and rights-of-way:  
171.31 34-119-22-44-0002, 03-118-22-12-0002, 03-118-22-11-0007, 02-118-22-22-0005, and  
171.32 03-118-22-14-0032.

172.1 Subd. 2. **Special rules.** If the city establishes a tax increment financing district under  
172.2 this section, the following special rules apply:

172.3 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,  
172.4 subdivision 10;

172.5 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;  
172.6 and

172.7 (3) not more than 75 percent of increments generated from the district may be expended  
172.8 on improvements to Hennepin County Road 47 outside the project area, and all such  
172.9 expenditures are deemed expended on activities within the district for the purposes of  
172.10 Minnesota Statutes, section 469.1763.

172.11 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish  
172.12 a tax increment financing district under this section expires December 31, 2029.

172.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
172.14 city of Plymouth and its chief clerical officer comply with the requirements of Minnesota  
172.15 Statutes, section 645.021, subdivisions 2 and 3.

172.16 Sec. 17. **CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.**

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

172.19 (b) "City" means the city of Shakopee.

172.20 (c) "Project area" means the following parcels, identified by parcel identification number:  
172.21 279160102, 279160110, 279170020, and 279160120.

172.22 (d) "Soil deficiency district" means a type of tax increment financing district consisting  
172.23 of a portion of the project area in which the city finds by resolution that the following  
172.24 conditions exist:

172.25 (1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in  
172.26 the district require substantial filling, grading, or other physical preparation for use; and

172.27 (2) the estimated cost of the physical preparation under clause (1), excluding costs  
172.28 directly related to roads as defined in Minnesota Statutes, section 160.01, and local  
172.29 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, other  
172.30 than clauses (8) to (10), and 430.01, exceeds the fair market value of the land before  
172.31 completion of the preparation.

173.1 Subd. 2. Special rules. (a) If the city elects, upon the adoption of the tax increment  
173.2 financing plan for a district, the rules under this section apply to a redevelopment district,  
173.3 renewal and renovation district, soil condition district, or soil deficiency district established  
173.4 by the city or a development authority of the city in the project area. The city, or a  
173.5 development authority acting on its behalf, may establish one or more soil deficiency districts  
173.6 within the project area.

173.7 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
173.8 rules under this subdivision, the city must find by resolution that parcels consisting of at  
173.9 least 70 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
173.10 are characterized by one or more of the following conditions:

173.11 (1) peat or other soils with geotechnical deficiencies that impair development of  
173.12 residential or commercial buildings or infrastructure;

173.13 (2) soils or terrain that requires substantial filling in order to permit the development of  
173.14 residential or commercial buildings or infrastructure;

173.15 (3) landfills, dumps, or similar deposits of municipal or private waste;

173.16 (4) quarries or similar resource extraction sites;

173.17 (5) floodways; and

173.18 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,  
173.19 subdivision 10.

173.20 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
173.21 relevant condition if at least 60 percent of the area of the parcel contains the relevant  
173.22 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
173.23 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
173.24 parcel.

173.25 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
173.26 extended to ten years for any district, and the period under Minnesota Statutes, section  
173.27 469.1763, subdivision 4, is extended to 11 years.

173.28 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
173.29 subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax  
173.30 increments paid by properties in any district, measured over the life of the district, may be  
173.31 expended on activities outside the district but within the project area.

173.32 (f) For a soil deficiency district:

174.1 (1) increments may be collected through 20 years after the receipt by the authority of  
174.2 the first increment from the district; and

174.3 (2) except as otherwise provided in this subdivision, increments may be used only to:

174.4 (i) acquire parcels on which the improvements described in item (ii) will occur;

174.5 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
174.6 cost of installing public improvements directly caused by the deficiencies; and

174.7 (iii) pay for the administrative expenses of the authority allocable to the district.

174.8 (g) The authority to approve tax increment financing plans to establish tax increment  
174.9 financing districts under this section expires December 31, 2026.

174.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
174.11 city of Shakopee and its chief clerical officer comply with the requirements of Minnesota  
174.12 Statutes, section 645.021, subdivisions 2 and 3.

174.13 **Sec. 18. CITY OF WOODBURY; TIF DISTRICT NO. 13; EXPENDITURES**  
174.14 **ALLOWED; DURATION EXTENSION.**

174.15 (a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other  
174.16 law to the contrary, the city of Woodbury may expend increments generated from Tax  
174.17 Increment Financing District No. 13 for the maintenance and facility and infrastructure  
174.18 upgrades to Central Park. All such expenditures are deemed expended on activities within  
174.19 the district.

174.20 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of  
174.21 Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by  
174.22 five years.

174.23 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the  
174.24 city of Woodbury and its chief clerical officer comply with the requirements of Minnesota  
174.25 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance  
174.26 by the city of Woodbury, Washington County, and Independent School District No. 833  
174.27 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
174.28 subdivisions 2 and 3.

175.1

**ARTICLE 7**

175.2

**LOCAL TAXES**

175.3 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 1, is amended to read:

175.4 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose  
175.5 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted  
175.6 by special law, or (4) if the political subdivision enacted and imposed the tax before January  
175.7 1, 1982, and its predecessor provision.

175.8 (b) This section governs the imposition of a general sales tax by the political subdivision.  
175.9 The provisions of this section preempt the provisions of any special law:

175.10 (1) enacted before June 2, 1997, or

175.11 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law  
175.12 provision from this section's rules by reference.

175.13 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning  
175.14 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles  
175.15 unless it is imposed under section 297A.993.

175.16 (d) A political subdivision may not advertise or expend funds for the promotion of a  
175.17 referendum to support imposing a local sales tax ~~and may only spend funds related to~~  
175.18 ~~imposing a local sales tax to:~~

175.19 (e) Notwithstanding paragraph (d), a political subdivision may only spend funds related  
175.20 to imposing a local sales tax to:

175.21 (1) conduct the referendum;

175.22 (2) disseminate information included in the resolution adopted and submitted under  
175.23 subdivision 2, but only if the disseminated information includes a list of specific projects  
175.24 and the cost of each individual project;

175.25 (3) provide notice of, and conduct public forums at which proponents and opponents on  
175.26 the merits of the referendum are given equal time to express their opinions on the merits of  
175.27 the referendum;

175.28 (4) provide facts and data on the impact of the proposed local sales tax on consumer  
175.29 purchases; and

175.30 (5) provide facts and data related to the individual programs and projects to be funded  
175.31 with the local sales tax.

176.1 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted  
176.2 for legislative approval after the day of final enactment.

176.3 Sec. 2. Minnesota Statutes 2021 Supplement, section 297A.99, subdivision 2, is amended  
176.4 to read:

176.5 Subd. 2. **Local resolution before application for authority.** (a) ~~Before the governing~~  
176.6 ~~body of a political subdivision requests legislative approval to impose a local sales tax~~  
176.7 ~~authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The~~  
176.8 ~~resolution must include the following information:~~ The governing body of a political  
176.9 subdivision seeking legislative approval to either impose a new local sales tax authorized  
176.10 by special law or modify an existing local sales tax authorized by special law must adopt a  
176.11 resolution indicating its approval of the tax each year it requests legislative approval. The  
176.12 resolution must include the following information:

176.13 (1) the proposed tax rate;

176.14 (2) a detailed description of no more than five capital projects that will be funded with  
176.15 revenue from the tax;

176.16 (3) documentation of the regional significance of each project, including the share of  
176.17 the economic benefit to or use of each project by persons residing, or businesses located,  
176.18 outside of the jurisdiction;

176.19 (4) the amount of local sales tax revenue that would be used for each project and the  
176.20 estimated time needed to raise that amount of revenue; ~~and~~

176.21 (5) the total revenue that will be raised for all projects before the tax expires, and the  
176.22 estimated length of time that the tax will be in effect if all proposed projects are funded;  
176.23 and

176.24 (6) a description of the nexus between the nonresident users of a project and the payment  
176.25 of the tax, as required in paragraph (e).

176.26 (b) ~~The jurisdiction seeking authority to impose a local sales tax by special law must~~  
176.27 ~~submit the resolution in paragraph (a) along with underlying documentation indicating how~~  
176.28 ~~the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking~~  
176.29 ~~minority members of the legislative committees~~ of the house of representatives and senate  
176.30 with jurisdiction over taxes no later than January 31 of the each year in which the jurisdiction  
176.31 is seeking a special law authorizing or modifying the tax. The jurisdiction must submit an  
176.32 amended resolution if, after meeting the requirements of this paragraph, the jurisdiction  
176.33 seeks to:



- 177.1 (1) add a project that will be funded with the revenue from the tax;
- 177.2 (2) increase the amount that will be used for any project;
- 177.3 (3) increase the total revenue raised for all projects before the tax expires; or
- 177.4 (4) increase the estimated length of time that the tax will be in effect if all proposed
- 177.5 projects are funded.
- 177.6 (c) The special legislation granting or modifying local sales tax authority is not required
- 177.7 to allow funding for all projects listed in the resolution with the revenue from the local sales
- 177.8 tax, but must not include any projects not contained in the resolution.
- 177.9 (d) For purposes of this section, a "capital project" or "project" means:
- 177.10 (1) a single building or structure including associated infrastructure needed to safely
- 177.11 access or use the building or structure;
- 177.12 (2) improvements within a single park or named recreation area; or
- 177.13 (3) a contiguous trail.
- 177.14 (e) The resolution required in paragraph (a) must also include a description of the nexus
- 177.15 between the nonresident users of a project and the payment of tax. Nexus requires that two
- 177.16 of the following requirements are met:
- 177.17 (1) a significant number of the users of the project will be nonresidents of the political
- 177.18 subdivision imposing the tax;
- 177.19 (2) the project includes a unique or uncommon characteristic;
- 177.20 (3) the project is part of a regional or statewide network or system for providing facilities
- 177.21 or services;
- 177.22 (4) the project promotes an activity having a duration long enough to encourage retail
- 177.23 activity incident to the project, in the political subdivision imposing the tax; and
- 177.24 (5) the project includes improvements or amenities to facilities that increase the project's
- 177.25 capacity to serve visitors at a volume that exceeds the capacity for facilities that serve a
- 177.26 local population, including but not limited to heating, ventilation, and air conditioning
- 177.27 systems, parking facilities, including accessibility upgrades, and other improvements
- 177.28 necessary for compliance with state building codes for the improved facilities.
- 177.29 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted
- 177.30 for legislative approval after the day of final enactment.

178.1 Sec. 3. Minnesota Statutes 2020, section 297A.99, subdivision 3, is amended to read:

178.2 Subd. 3. **Legislative authority required before voter approval; requirements for**  
178.3 **adoption, use, termination.** (a) A political subdivision must receive legislative authority  
178.4 to impose or modify a local sales tax before submitting the tax for approval by voters of the  
178.5 political subdivision. Imposition or modification of a local sales tax is subject to approval  
178.6 by voters of the political subdivision at a general election. The election must be conducted  
178.7 ~~at a general election~~ on the first Tuesday after the first Monday in November within the  
178.8 two-year period after the governing body of the political subdivision has received authority  
178.9 to impose or modify the tax. If the authorizing legislation ~~allows~~ authorizes or modifies the  
178.10 tax ~~to be imposed~~ for more than one project, ~~there must be~~ the political subdivision is not  
178.11 required to present each project separately on the ballot. The political subdivision may  
178.12 present a separate question approving the use of the tax revenue for each project. Regardless  
178.13 of whether the ballot presents a separate question for each project, the question must state  
178.14 the project or projects proposed to be funded with the tax, the amount for each project  
178.15 proposed to be funded with the tax, and the estimated length of time the tax will be in effect.  
178.16 Notwithstanding the authorizing legislation or special law modifying the tax, a project that  
178.17 is not approved by the voters may not be funded with the local sales tax revenue and the  
178.18 termination date of the tax set in the authorizing legislation or special law modifying the  
178.19 tax must be reduced proportionately based on the share of that project's cost to the total  
178.20 costs of all projects included in the authorizing legislation or special law modifying the tax.

178.21 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction  
178.22 and rehabilitation costs and associated bonding costs related to the specific capital  
178.23 improvement projects that were approved by the voters under paragraph (a).

178.24 (c) The tax must terminate after the revenues raised are sufficient to fund the projects  
178.25 approved by the voters under paragraph (a).

178.26 (d) After a sales tax imposed by a political subdivision has expired or been terminated,  
178.27 the political subdivision is prohibited from imposing a local sales tax for a period of one  
178.28 year.

178.29 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to  
178.30 seek authority for a local sales tax at the November 6, 2018, general election and is granted  
178.31 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without  
178.32 an additional referendum provided that it meets the requirements of subdivision 2 and the  
178.33 list of specific projects contained in the resolution does not conflict with the projects listed  
178.34 in the approving referendum.

179.1 (f) If a tax is terminated because sufficient revenues have been raised, any amount of  
179.2 tax collected under subdivision 9, after sufficient revenues have been raised and before the  
179.3 quarterly termination required under subdivision 12, paragraph (a), that is greater than the  
179.4 average quarterly revenues collected over the immediately preceding 12 calendar months  
179.5 must be retained by the commissioner for deposit in the general fund.

179.6 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted  
179.7 for legislative approval after the day of final enactment or taxes authorized in Laws 2021,  
179.8 First Special Session chapter 14, article 8, and thereafter.

179.9 Sec. 4. Minnesota Statutes 2020, section 469.190, subdivision 7, is amended to read:

179.10 Subd. 7. **Collection.** The statutory or home rule charter city, town, or county when the  
179.11 county board is acting as a town board with respect to an unorganized territory may agree  
179.12 with the commissioner of revenue that a tax imposed pursuant to this section shall be  
179.13 collected by the commissioner together with the tax imposed by chapter 297A, and subject  
179.14 to the same interest, penalties, and other rules and that its proceeds, less the cost of collection,  
179.15 shall be remitted to the city.

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

179.17 Sec. 5. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
179.18 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
179.19 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
179.20 11, 12, and 13, is amended by adding a subdivision to read:

179.21 Subd. 1a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section  
179.22 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a  
179.23 general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the  
179.24 city of Rochester may extend the sales and use tax of one-half of one percent authorized  
179.25 under subdivision 1, paragraph (a), for the purposes specified in subdivision 3a. Except as  
179.26 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
179.27 govern the imposition, administration, collection, and enforcement of the tax authorized  
179.28 under this subdivision. The tax imposed under this subdivision is in addition to any local  
179.29 sales and use tax imposed under any other special law.

179.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
179.31 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
179.32 645.021, subdivisions 2 and 3.

180.1 Sec. 6. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
180.2 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
180.3 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
180.4 11, 12, and 13, is amended by adding a subdivision to read:

180.5 Subd. 3a. Use of sales and use tax revenues; additional projects. (a) The revenues  
180.6 derived from the extension of the tax authorized under subdivision 1a must be used by the  
180.7 city of Rochester to pay the costs of collecting and administering the tax and paying for the  
180.8 following projects in the city, including securing and paying debt service on bonds issued  
180.9 to finance all or part of the following projects:

180.10 (1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraphs (a),  
180.11 (b), and (d):

180.12 (i) \$60,000,000, plus associated bonding costs for an economic vitality fund, subject to  
180.13 adoption of a resolution under paragraph (c), clause (1); or

180.14 (ii) \$50,000,000, plus associated bonding costs for an economic vitality fund, subject  
180.15 to the requirements of paragraph (c), clause (2);

180.16 (2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
180.17 \$50,000,000, plus associated bonding costs for street reconstruction;

180.18 (3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
180.19 \$40,000,000, plus associated bonding costs for flood control and water quality; and

180.20 (4) \$65,000,000, plus associated bonding costs for a Regional Community and Recreation  
180.21 Complex.

180.22 (b) The city must use \$10,000,000 of the money allocated to the purpose in paragraph  
180.23 (a), clause (1), for a grant to Rochester Area Economic Development Incorporated to establish  
180.24 the EverRAEDI development fund. Of that amount, \$5,000,000 must be used for grants and  
180.25 loans for economic development projects in communities located in the city of Rochester,  
180.26 and \$5,000,000 must be used for grants and loans for economic development projects in  
180.27 communities located in the Rochester metropolitan statistical area. Rochester Area Economic  
180.28 Development Incorporated may charge grant and loan recipients a service fee of up to five  
180.29 percent of the grant or loan amount to pay for administrative costs associated with the  
180.30 EverRAEDI development fund. Rochester Area Economic Development Incorporated shall  
180.31 report on, at minimum, an annual basis on all EverRAEDI fund activities to the governing  
180.32 board of the city of Rochester.

181.1 (c) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraphs  
181.2 (a), (b), and (d), the city must either:

181.3 (1) pass a resolution that authorizes \$10,000,000 of the revenues from the tax authorized  
181.4 under subdivision 1a for the use described in paragraph (a), clause (1), item (i), to be used  
181.5 for an economic development fund for the purposes specified in paragraph (b); or

181.6 (2) if the city does not pass a resolution under clause (1), the city must allocate  
181.7 \$10,000,000 from the amount authorized in paragraph (a), clause (1), item (ii), for the  
181.8 purposes specified in paragraph (b).

181.9 **EFFECTIVE DATE.** This section is effective the day after compliance by the governing  
181.10 body of the city of Rochester with Minnesota Statutes, section 645.021.

181.11 Sec. 7. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First  
181.12 Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session  
181.13 chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections  
181.14 11, 12, and 13, is amended by adding a subdivision to read:

181.15 Subd. 4a. **Bonding authority; additional projects and extension of tax.** (a) The city  
181.16 of Rochester may issue bonds under Minnesota Statutes, chapter 475, to finance all or a  
181.17 portion of the costs of the projects authorized in subdivision 3a and approved by the voters  
181.18 as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The  
181.19 aggregate principal amount of bonds issued under this subdivision may not exceed:

181.20 (1) if the city passes a resolution under subdivision 3a, paragraph (c), clause (1),  
181.21 \$215,000,000 for the projects described in subdivision 3a, paragraph (a), clauses (1), item  
181.22 (i), and (2) to (4), plus an amount to be applied to the payment of the costs of issuing the  
181.23 bonds; or

181.24 (2) if the city does not pass a resolution under subdivision 3a, paragraph (c), clause (1),  
181.25 \$205,000,000 for the projects described in subdivision 3a, paragraph (a), clauses (1), item  
181.26 (ii), and (2) to (4), plus an amount to be applied to the payment of the costs of issuing the  
181.27 bonds.

181.28 (b) The bonds may be paid from or secured by any funds available to the city of  
181.29 Rochester, including the tax authorized under subdivision 1a and the full faith and credit  
181.30 of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
181.31 sections 275.60 and 275.61.

181.32 (c) The bonds are not included in computing any debt limitation applicable to the city  
181.33 of Rochester, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal

182.1 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
182.2 the bonds under Minnesota Statutes, section 475.58, is not required.

182.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
182.4 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
182.5 645.021, subdivisions 2 and 3.

182.6 Sec. 8. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws  
182.7 2005, First Special Session chapter 3, article 5, section 30, Laws 2011, First Special Session  
182.8 chapter 7, article 4, section 7, and Laws 2013, chapter 143, article 10, section 13, is amended  
182.9 to read:

182.10 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire  
182.11 at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient  
182.12 funds have been received from the taxes to finance the first \$71,500,000 of capital  
182.13 expenditures and bonds for the projects authorized in subdivision 3, including the amount  
182.14 to prepay or retire at maturity the principal, interest, and premium due on any bonds issued  
182.15 for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph  
182.16 (b). Any funds remaining after completion of the project and retirement or redemption of  
182.17 the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed  
182.18 under subdivisions 1 and 2 may expire at an earlier time if the city so determines by  
182.19 ordinance.

182.20 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other  
182.21 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,  
182.22 extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved  
182.23 by the voters of the city at a special election in 2005 or the general election in 2006. The  
182.24 question put to the voters must indicate that an affirmative vote would allow up to an  
182.25 additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to  
182.26 be issued above the amount authorized in the June 23, 1998, referendum for the projects  
182.27 specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under  
182.28 this paragraph, the taxes expire when the city council determines that sufficient funds have  
182.29 been received from the taxes to finance the projects and to prepay or retire at maturity the  
182.30 principal, interest, and premium due on any bonds issued for the projects under subdivision  
182.31 4. Any funds remaining after completion of the project and retirement or redemption of the  
182.32 bonds may be placed in the general fund of the city.

182.33 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other  
182.34 contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance,

183.1 extend the taxes authorized in subdivisions 1, paragraph (a), and 2, up to December 31,  
 183.2 2049, provided that all additional revenues above those necessary to fund the projects and  
 183.3 associated financing costs listed in subdivision 3, paragraphs (a) to (e), are committed to  
 183.4 fund public infrastructure projects contained in the development plan adopted under  
 183.5 Minnesota Statutes, section 469.43, including all financing costs; otherwise the taxes  
 183.6 terminate when the city council determines that sufficient funds have been received from  
 183.7 the taxes to finance expenditures and bonds for the projects authorized in subdivision 3,  
 183.8 paragraphs (a) to (e), plus an amount equal to the costs of issuance of the bonds and including  
 183.9 the amount to prepay or retire at maturity the principal, interest, and premiums due on any  
 183.10 bonds issued for the projects under subdivision 4.

183.11 (d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of December  
 183.12 31, 2049, or when the city council determines that sufficient funds have been raised from  
 183.13 the tax plus all other city funding sources authorized in this article to meet the city obligation  
 183.14 for financing the public infrastructure projects contained in the development plan adopted  
 183.15 under Minnesota Statutes, section 469.43, including all financing costs.

183.16 (e) The tax imposed under subdivision 1a expires at the earlier of (1) 18 years after first  
 183.17 imposed, or (2) when the city council determines that the amount of revenues received from  
 183.18 the tax is sufficient to pay for the project costs authorized under subdivision 3a for projects  
 183.19 approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision  
 183.20 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of the bonds  
 183.21 under subdivision 4a, including interest on the bonds. Except as otherwise provided in  
 183.22 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
 183.23 after payment of the allowed costs due to the timing of the termination of the tax under  
 183.24 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of  
 183.25 the city. The tax imposed under subdivision 1a may expire at an earlier time if the city so  
 183.26 determines by ordinance.

183.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 183.28 city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
 183.29 645.021, subdivisions 2 and 3.

183.30 Sec. 9. Laws 2008, chapter 366, article 7, section 17, is amended to read:

183.31 Sec. 17. **COOK COUNTY; LODGING AND ADMISSIONS TAXES TAX.**

183.32 Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016,  
 183.33 or any other provision of law, ordinance, or city charter, the Board of Commissioners of

184.1 Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts  
184.2 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition  
184.3 to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed  
184.4 under that section and this provision must not exceed four percent.

184.5 ~~Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section~~  
184.6 ~~477A.016, or any other provision of law, ordinance, or city charter, the Board of~~  
184.7 ~~Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on~~  
184.8 ~~admissions to entertainment and recreational facilities and rental of recreation equipment.~~

184.9 Subd. 3. **Use of taxes.** The ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2 must  
184.10 be used to fund a new Cook County Event and Visitors Bureau as established by the Board  
184.11 of Commissioners of Cook County. The Board of Commissioners of Cook County must  
184.12 annually review the budget of the Cook County Event and Visitors Bureau. The event and  
184.13 visitors bureau may not receive revenues raised from the ~~taxes~~ tax imposed in ~~subdivisions~~  
184.14 subdivision 1 and 2 until the board of commissioners approves the annual budget.

184.15 Subd. 4. **Termination.** The ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2  
184.16 ~~terminate 15~~ terminates 30 years after ~~they are~~ it is first imposed.

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

184.18 Sec. 10. Laws 2011, First Special Session chapter 7, article 4, section 14, is amended to  
184.19 read:

184.20 Sec. 14. **CITY OF MARSHALL; SALES AND USE TAX.**

184.21 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 297A.99,  
184.22 subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, the city of  
184.23 Marshall, if approved by the voters at a general election held within two years of the date  
184.24 of final enactment of this section, may impose the tax authorized under subdivision 2. Two  
184.25 separate ballot questions must be presented to the voters, one for each of the two facility  
184.26 projects named in subdivision 3.

184.27 Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by ordinance  
184.28 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision  
184.29 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1 and 2,  
184.30 govern the imposition, administration, collection, and enforcement of the tax authorized  
184.31 under this subdivision.



185.1 Subd. 2a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section  
185.2 297A.99, subdivision 3, paragraph (d), or 477A.016, or any other law, ordinance, or city  
185.3 charter, after payment of the bonds authorized under subdivision 4, and if approved by the  
185.4 voters at a general election as required under Minnesota Statutes, section 297A.99,  
185.5 subdivision 3, the city of Marshall may extend the sales and use tax of one-half of one  
185.6 percent authorized under subdivision 2 for the purposes specified in subdivision 3a. Except  
185.7 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
185.8 govern the imposition, administration, collection, and enforcement of the tax authorized  
185.9 under this subdivision. The tax imposed under this subdivision is in addition to any local  
185.10 sales and use tax imposed under any other special law.

185.11 **Subd. 3. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
185.12 under subdivision 2 must be used by the city of Marshall to pay the costs of collecting and  
185.13 administering the sales and use tax and to pay all or part of the costs of the new and existing  
185.14 facilities of the Minnesota Emergency Response and Industry Training Center and all or  
185.15 part of the costs of the new facilities of the Southwest Minnesota Regional Amateur Sports  
185.16 Center. Authorized expenses include, but are not limited to, acquiring property, predesign,  
185.17 design, and paying construction, furnishing, and equipment costs related to these facilities  
185.18 and paying debt service on bonds or other obligations issued by the city of Marshall under  
185.19 subdivision 4 to finance the capital costs of these facilities.

185.20 Subd. 3a. **Use of sales and use tax revenues; aquatic center.** The revenues derived  
185.21 from the extension of the tax authorized under subdivision 2a must be used by the city of  
185.22 Marshall to pay the costs of collecting and administering the tax and paying for \$16,000,000  
185.23 plus associated bonding costs for the construction of a new municipal aquatic center in the  
185.24 city, including securing and paying debt service on bonds issued to finance the project.

185.25 **Subd. 4. Bonds.** (a) If the imposition of a sales and use tax is approved by the voters,  
185.26 the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all  
185.27 or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds  
185.28 to refund bonds previously issued. The aggregate principal amount of bonds issued under  
185.29 this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment  
185.30 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
185.31 available to the city of Marshall, including the tax authorized under subdivision 2.

185.32 (b) The bonds are not included in computing any debt limitation applicable to the city  
185.33 of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
185.34 and interest on the bonds, is not subject to any levy limitation. A separate election to approve  
185.35 the bonds under Minnesota Statutes, section 475.58, is not required.

186.1 Subd. 4a. **Bonds; additional use and extension of tax.** (a) After payment of the bonds  
186.2 authorized under subdivision 4, the city of Marshall may issue bonds under Minnesota  
186.3 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
186.4 subdivision 2a and approved by the voters as required under Minnesota Statutes, section  
186.5 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
186.6 under this subdivision may not exceed \$16,000,000, plus an amount to be applied to the  
186.7 payment of the costs of issuing the bonds.

186.8 (b) The bonds may be paid from or secured by any funds available to the city of Marshall,  
186.9 including the tax authorized under subdivision 2a. The issuance of bonds under this  
186.10 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

186.11 (c) The bonds are not included in computing any debt limitation applicable to the city  
186.12 of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
186.13 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
186.14 the bonds under Minnesota Statutes, section 475.58, is not required.

186.15 Subd. 5. **Termination of taxes.** (a) The tax imposed under subdivision 2 expires at the  
186.16 earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines  
186.17 that the amount of revenues received from the tax to pay for the capital and administrative  
186.18 costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to  
186.19 be spent for the facilities plus the additional amount needed to pay the costs related to  
186.20 issuance of the bonds under subdivision 4, including interest on the bonds. Any funds  
186.21 remaining after payment of all such costs and retirement or redemption of the bonds shall  
186.22 be placed in the general fund of the city. The tax imposed under subdivision 2 may expire  
186.23 at an earlier time if the city so determines by ordinance.

186.24 (b) The tax imposed under subdivision 2a expires at the earlier of (1) 30 years after the  
186.25 tax under subdivision 2 is first imposed, or (2) when the city council determines that the  
186.26 amount of revenues received from the tax is sufficient to pay for the project costs authorized  
186.27 under subdivision 3a for the project approved by the voters as required under Minnesota  
186.28 Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay  
186.29 the costs related to issuance of the bonds under subdivision 4a, including interest on the  
186.30 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision  
186.31 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing  
186.32 of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12,  
186.33 shall be placed in the general fund of the city. The tax imposed under subdivision 2a may  
186.34 expire at an earlier time if the city so determines by ordinance.

187.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
187.2 city of Marshall and its chief clerical officer comply with Minnesota Statutes, section  
187.3 645.021, subdivisions 2 and 3.

187.4 Sec. 11. Laws 2019, First Special Session chapter 6, article 6, section 25, is amended to  
187.5 read:

187.6 **Sec. 25. CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

187.7 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
187.8 law, ordinance, or city charter, the city council for the city of Plymouth may impose by  
187.9 ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under  
187.10 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under  
187.11 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this  
187.12 provision must not exceed six percent.

187.13 (b) Two-thirds of the revenue from the tax imposed under this section must be dedicated  
187.14 and used for capital improvements to public recreational facilities and marketing and  
187.15 promotion of the community, and the remaining one-third of the revenue must be used for  
187.16 the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

187.17 (c) The tax imposed under this authority terminates ~~at the earlier of: (1) ten years after~~  
187.18 ~~the tax is first imposed; or (2) December 31, 2030~~ May 1, 2040.

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

187.20 Sec. 12. Laws 2021, First Special Session chapter 14, article 8, section 5, is amended to  
187.21 read:

187.22 **Sec. 5. CITY OF EDINA; TAXES AUTHORIZED.**

187.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
187.24 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
187.25 and if approved by the voters at a general election as required under Minnesota Statutes,  
187.26 section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use  
187.27 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise  
187.28 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the  
187.29 imposition, administration, collection, and enforcement of the tax authorized under this  
187.30 subdivision. The tax imposed under this subdivision is in addition to any local sales and  
187.31 use tax imposed under any other special law.

188.1 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
188.2 under subdivision 1 must be used by the city of Edina to pay the costs of collecting and  
188.3 administering the tax and paying for the following projects in the city, including securing  
188.4 and paying debt service on bonds issued to finance all or part of the following projects:

188.5 (1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park  
188.6 as identified in the Fred Richards Park Master Plan; ~~and~~

188.7 (2) ~~\$21,600,000~~ \$46,900,000 plus associated bonding costs for improvements to Braemar  
188.8 Park as identified in the Braemar Park Master Plan; and

188.9 (3) capital improvement projects to the city's park and recreation system, plus associated  
188.10 bonding costs, provided that sufficient revenue from the tax has been received to pay for  
188.11 the project costs in clauses (1) and (2) and to pay the costs related to issuance of any bonds  
188.12 under subdivision 3, paragraph (b).

188.13 Subd. 3. **Bonding authority.** ~~(a) The city of Edina may issue bonds under Minnesota~~  
188.14 ~~Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in~~  
188.15 ~~subdivision 2 and approved by the voters as required under Minnesota Statutes, section~~  
188.16 ~~297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued~~  
188.17 ~~under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision~~  
188.18 ~~2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;~~  
188.19 ~~and (2) \$21,600,000 for the project listed in subdivision 2, clause (2), plus an amount to be~~  
188.20 ~~applied to the payment of the costs of issuing the bonds. The bonds may be paid from or~~  
188.21 ~~secured by any funds available to the city of Edina, including the tax authorized under~~  
188.22 ~~subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota~~  
188.23 ~~Statutes, sections 275.60 and 275.61.~~

188.24 (a) The city of Edina may issue bonds under Minnesota Statutes, chapter 475, to finance  
188.25 all or a portion of the costs of the projects authorized in subdivision 2 and approved by the  
188.26 voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a).  
188.27 For the projects described in subdivision 2, the aggregate principal amount of bonds issued  
188.28 under this subdivision may not exceed \$64,600,000.

188.29 (b) The bonds may be paid from or secured by any funds available to the city of Edina,  
188.30 including the tax authorized under subdivision 1. The issuance of bonds under this  
188.31 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

188.32 ~~(b)~~ (c) The bonds are not included in computing any debt limitation applicable to the  
188.33 city of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal

189.1 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
189.2 the bonds under Minnesota Statutes, section 475.58, is not required.

189.3 **Subd. 4. Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
189.4 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) ~~19~~ 17 years  
189.5 after the tax is first imposed, or (2) when the city council determines that the amount received  
189.6 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
189.7 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
189.8 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
189.9 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
189.10 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
189.11 any funds remaining after payment of the allowed costs due to the timing of the termination  
189.12 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the  
189.13 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
189.14 if the city so determines by ordinance.

189.15 **Subd. 5. Special provision.** The provisions under section 31, paragraph (b), allowing  
189.16 the \$3,000,000 increase, and section 31, paragraph (c), allowing the ten percent increase,  
189.17 do not apply to the amount authorized for the project under subdivision 2, clause (2).

189.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
189.19 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
189.20 subdivisions 2 and 3.

189.21 Sec. 13. Laws 2021, First Special Session chapter 14, article 8, section 14, subdivision 4,  
189.22 is amended to read:

189.23 **Subd. 4. Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the  
189.24 earlier of: (1) ~~22~~ 30 years after the tax is first imposed; or (2) when the city council  
189.25 determines that the amount received from the tax is sufficient to pay for the project costs  
189.26 authorized under subdivision 2 for the project approved by voters as required under  
189.27 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient  
189.28 to pay the costs related to issuance of any bonds authorized under subdivision 3, including  
189.29 interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99,  
189.30 subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the  
189.31 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision  
189.32 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may  
189.33 expire at an earlier time if the city so determines by ordinance.

190.1 (b) The city must pass a resolution approving the modification of the termination of the  
190.2 tax under paragraph (a), provided that the modification is included with the items required  
190.3 under section 31, if the city also elects the increase allowed under that paragraph. The  
190.4 resolution required under this paragraph must be submitted to the state auditor no later than  
190.5 30 days before the ballots are printed for the election at which the city seeks voter approval  
190.6 of the tax as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph  
190.7 (a).

190.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
190.9 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section  
190.10 645.021, subdivisions 2 and 3.

190.11 Sec. 14. Laws 2021, First Special Session chapter 14, article 8, section 15, subdivision 4,  
190.12 is amended to read:

190.13 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the  
190.14 earlier of: (1) ~~25~~ 30 years after the tax is first imposed; or (2) when the city council  
190.15 determines that the city has received from this tax \$37,000,000 to fund the projects listed  
190.16 in subdivision 2, plus an amount sufficient to pay costs related to issuance of any bonds  
190.17 authorized in subdivision 3, including interest on the bonds. Except as otherwise provided  
190.18 under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
190.19 after payment of the allowed costs due to timing of the termination under Minnesota Statutes,  
190.20 section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision  
190.21 1 may expire at an earlier time if the city so determines by ordinance.

190.22 (b) The city must pass a resolution approving the modification of the termination of the  
190.23 tax under paragraph (a), provided that the modification is included with the items required  
190.24 under section 31, if the city also elects the increase allowed under that paragraph. The  
190.25 resolution required under this paragraph must be submitted to the state auditor no later than  
190.26 30 days before the ballots are printed for the election at which the city seeks voter approval  
190.27 of the tax as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph  
190.28 (a).

190.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
190.30 city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
190.31 subdivisions 2 and 3.

191.1 Sec. 15. Laws 2021, First Special Session chapter 14, article 8, section 17, is amended by  
191.2 adding a subdivision to read:

191.3 Subd. 5. **Modification of authorization; 2022.** The amount authorized to finance the  
191.4 project in subdivision 2 may be increased by \$500,000 and the aggregate principal amount  
191.5 of bonds issued under subdivision 3 may be increased by \$500,000. If the city elects the  
191.6 increase, notwithstanding voter approval of the tax authorized under subdivision 1 at the  
191.7 2021 municipal election, the city must present a question with the increased amount  
191.8 authorized under this subdivision for the project in subdivision 2 to the voters at an election  
191.9 as provided under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). If the  
191.10 city elects the increase, the city must also adopt a new resolution indicating the increased  
191.11 amount authorized under this subdivision for the project in subdivision 2, and submit the  
191.12 resolution to the state auditor not more than 30 days before the ballots are printed for the  
191.13 election at which the city seeks voter approval. The provision under section 31, paragraph  
191.14 (c), allowing a ten percent increase, does not apply to the modification allowed under this  
191.15 subdivision.

191.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
191.17 city of St. Peter and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
191.18 subdivisions 2 and 3.

191.19 Sec. 16. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 2,  
191.20 is amended to read:

191.21 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
191.22 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting  
191.23 and administering the tax and for the following projects in the city, including securing and  
191.24 paying debt service on bonds issued to finance all or part of the following projects:

191.25 (1) up to \$7,500,000 plus associated bonding costs for regional trail connections; ~~and~~

191.26 (2) up to \$20,000,000 plus associated bonding costs for construction and equipping of  
191.27 a public safety facility; and

191.28 (3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d),  
191.29 up to \$15,500,000 plus associated bonding costs for the 10th Avenue regional corridor  
191.30 project.

191.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
191.32 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section  
191.33 645.021, subdivisions 2 and 3.

192.1 Sec. 17. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 3,  
192.2 is amended to read:

192.3 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota  
192.4 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
192.5 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
192.6 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
192.7 under this subdivision may not exceed:

192.8 ~~(1) \$7,500,000~~ \$43,000,000 for the ~~project~~ projects listed in subdivision 2, ~~clause (1),~~  
192.9 plus an amount needed to pay capitalized interest and an amount to be applied to the payment  
192.10 of the costs of issuing the bonds; ~~and~~

192.11 ~~(2) \$20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed~~  
192.12 ~~to pay capitalized interest and an amount to be applied to the payment of the costs of issuing~~  
192.13 ~~the bonds.~~

192.14 (b) The bonds may be paid from or secured by any funds available to the city of Waite  
192.15 Park, including the tax authorized under subdivision 1. The issuance of bonds under this  
192.16 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

192.17 ~~(b)~~ (c) The bonds are not included in computing any debt limitation applicable to the  
192.18 city of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
192.19 principal and interest on the bonds is not subject to any levy limitation. A separate election  
192.20 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

192.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
192.22 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section  
192.23 645.021, subdivisions 2 and 3.

192.24 Sec. 18. Laws 2021, First Special Session chapter 14, article 8, section 21, subdivision 4,  
192.25 is amended to read:

192.26 Subd. 4. **Termination of taxes.** (a) Subject to Minnesota Statutes, section 297A.99,  
192.27 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) ~~20~~ 30 years  
192.28 after the tax is first imposed; or (2) when the city council determines that the amount received  
192.29 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the  
192.30 project approved by voters as required under Minnesota Statutes, section 297A.99,  
192.31 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
192.32 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
192.33 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),



193.1 any funds remaining after payment of allowed costs due to the timing of the termination of  
193.2 the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
193.3 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
193.4 if the city so determines by ordinance.

193.5 (b) The city must pass a resolution approving the modification of the termination of the  
193.6 tax under paragraph (a), provided that the modification is included with the items required  
193.7 under section 31, if the city also elects the increase allowed under that paragraph. The  
193.8 resolution required under this paragraph must be submitted to the state auditor no later than  
193.9 30 days before the ballots are printed for the election at which the city seeks voter approval  
193.10 of the tax as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph  
193.11 (a).

193.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
193.13 city of Warren and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
193.14 subdivisions 2 and 3.

193.15 **Sec. 19. CITY OF AITKIN; TAXES AUTHORIZED.**

193.16 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
193.17 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
193.18 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
193.19 the city of Aitkin may impose by ordinance a sales and use tax of one percent for the purposes  
193.20 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
193.21 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
193.22 enforcement of the tax authorized under this subdivision. The tax imposed under this  
193.23 subdivision is in addition to any local sales and use tax imposed under any other special  
193.24 law.

193.25 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
193.26 under subdivision 1 must be used by the city of Aitkin to pay the costs of collecting and  
193.27 administering the tax and paying for the following projects in the city, including securing  
193.28 and paying debt service on bonds issued to finance all or part of the following projects:

193.29 (1) \$8,300,000 plus associated bonding costs for construction of a new municipal  
193.30 building; and

193.31 (2) \$1,000,000 plus associated bonding costs for improvements to parks and trails.

193.32 Subd. 3. **Bonding authority.** (a) The city of Aitkin may issue bonds under Minnesota  
193.33 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in

194.1 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
194.2 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
194.3 under this subdivision may not exceed \$9,300,000 for the projects listed in subdivision 2,  
194.4 plus an amount to be applied to the payment of the costs of issuing the bonds.

194.5 (b) The bonds may be paid from or secured by any funds available to the city of Aitkin,  
194.6 including the tax authorized under subdivision 1. The issuance of bonds under this  
194.7 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

194.8 (c) The bonds are not included in computing any debt limitation applicable to the city  
194.9 of Aitkin, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
194.10 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
194.11 the bonds under Minnesota Statutes, section 475.58, is not required.

194.12 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
194.13 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years  
194.14 after being first imposed, or (2) when the city council determines that the amount received  
194.15 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
194.16 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
194.17 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
194.18 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
194.19 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
194.20 any funds remaining after payment of the allowed costs due to the timing of the termination  
194.21 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
194.22 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
194.23 if the city so determines by ordinance.

194.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
194.25 city of Aitkin and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
194.26 subdivisions 2 and 3.

194.27 Sec. 20. **CITY OF BLACKDUCK; TAXES AUTHORIZED.**

194.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
194.29 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
194.30 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
194.31 the city of Blackduck may impose by ordinance a sales and use tax of one-half of one percent  
194.32 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
194.33 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
194.34 collection, and enforcement of the tax authorized under this subdivision. The tax imposed

195.1 under this subdivision is in addition to any local sales and use tax imposed under any other  
195.2 special law.

195.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
195.4 under subdivision 1 must be used by the city of Blackduck to pay the costs of collecting  
195.5 and administering the tax and paying for the following projects in the city, including securing  
195.6 and paying debt service on bonds issued to finance all or part of the following projects:

195.7 (1) \$200,000 plus associated bonding costs for improvements to a city campground;

195.8 (2) \$300,000 plus associated bonding costs for improvements to a walking trail;

195.9 (3) \$250,000 plus associated bonding costs for improvements to a wayside rest;

195.10 (4) \$150,000 plus associated bonding costs for golf course irrigation improvements; and

195.11 (5) \$100,000 plus associated bonding costs for reconstruction of a library.

195.12 Subd. 3. **Bonding authority.** (a) The city of Blackduck may issue bonds under Minnesota  
195.13 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
195.14 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
195.15 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
195.16 under this subdivision may not exceed \$1,000,000 for the projects listed in subdivision 2,  
195.17 plus an amount to be applied to the payment of the costs of issuing the bonds.

195.18 (b) The bonds may be paid from or secured by any funds available to the city of  
195.19 Blackduck, including the tax authorized under subdivision 1. The issuance of bonds under  
195.20 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

195.21 (c) The bonds are not included in computing any debt limitation applicable to the city  
195.22 of Blackduck, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
195.23 principal and interest on the bonds is not subject to any levy limitation. A separate election  
195.24 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

195.25 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
195.26 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
195.27 after being first imposed, or (2) when the city council determines that the amount received  
195.28 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
195.29 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
195.30 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
195.31 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
195.32 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
195.33 any funds remaining after payment of the allowed costs due to the timing of the termination

196.1 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
196.2 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
196.3 if the city so determines by ordinance.

196.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
196.5 city of Blackduck and its chief clerical officer comply with Minnesota Statutes, section  
196.6 645.021, subdivisions 2 and 3.

196.7 **Sec. 21. CITY OF BLOOMINGTON; TAXES AUTHORIZED.**

196.8 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
196.9 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
196.10 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
196.11 the city of Bloomington may impose by ordinance a sales and use tax of one-half of one  
196.12 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
196.13 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
196.14 administration, collection, and enforcement of the tax authorized under this subdivision.  
196.15 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
196.16 under any other special law.

196.17 Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax  
196.18 authorized under subdivision 1 must be used by the city of Bloomington to pay the costs of  
196.19 collecting and administering the tax and paying for the following projects in the city,  
196.20 including securing and paying debt service on bonds issued to finance all or part of the  
196.21 following projects:

196.22 (1) \$32,000,000 plus associated bonding costs for construction of improvements and  
196.23 rehabilitation of the Bloomington Ice Garden and associated infrastructure;

196.24 (2) \$70,000,000 plus associated bonding costs for construction of a new Community  
196.25 Health and Wellness Center and associated infrastructure; and

196.26 (3) \$33,000,000 plus associated bonding costs for construction of an expansion to the  
196.27 Bloomington Center for the Arts Concert Hall and associated infrastructure.

196.28 (b)(1) For purposes of this subdivision, "associated infrastructure" includes any or all  
196.29 of the following activities: demolition, reconstruction, expansion, improvement, construction,  
196.30 or rehabilitation, related to the existing facility or the new project, or both.

196.31 (2) Associated infrastructure activities described in clause (1) include but are not limited  
196.32 to the following activities associated with the capital project or projects that are needed for  
196.33 safe access or use: facilities, roads, lighting, sidewalks, parking, landscaping, or utilities.

197.1 (3) Costs include all the costs associated with delivering the projects.

197.2 Subd. 3. **Bonding authority.** (a) The city of Bloomington may issue bonds under  
197.3 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
197.4 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
197.5 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
197.6 issued under this subdivision may not exceed \$135,000,000 for the projects listed in  
197.7 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

197.8 (b) The bonds may be paid from or secured by any funds available to the city of  
197.9 Bloomington, including the tax authorized under subdivision 1. The issuance of bonds under  
197.10 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

197.11 (c) The bonds are not included in computing any debt limitation applicable to the city  
197.12 of Bloomington, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
197.13 principal and interest on the bonds is not subject to any levy limitation. A separate election  
197.14 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

197.15 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
197.16 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
197.17 after being first imposed, or (2) when the city council determines that the amount received  
197.18 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
197.19 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
197.20 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
197.21 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
197.22 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
197.23 any funds remaining after payment of the allowed costs due to the timing of the termination  
197.24 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
197.25 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
197.26 if the city so determines by ordinance.

197.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
197.28 city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section  
197.29 645.021, subdivisions 2 and 3.

197.30 Sec. 22. **CITY OF BROOKLYN CENTER; TAXES AUTHORIZED.**

197.31 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
197.32 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
197.33 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,

198.1 the city of Brooklyn Center may impose by ordinance a sales and use tax of one-half of one  
198.2 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
198.3 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
198.4 administration, collection, and enforcement of the tax authorized under this subdivision.  
198.5 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
198.6 under any other special law.

198.7 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
198.8 under subdivision 1 must be used by the city of Brooklyn Center to pay the costs of collecting  
198.9 and administering the tax and to finance up to \$55,000,000, plus associated bonding costs,  
198.10 for the renovation and expansion of the Brooklyn Center Community Center.

198.11 Subd. 3. **Bonding authority.** (a) The city of Brooklyn Center may issue bonds under  
198.12 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
198.13 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
198.14 subdivision may not exceed \$55,000,000 plus an amount to be applied to the payment of  
198.15 the costs of issuing the bonds.

198.16 (b) The bonds may be paid from or secured by any funds available to the city of Brooklyn  
198.17 Center, including the tax authorized under subdivision 1 and the full faith and credit of the  
198.18 city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
198.19 sections 275.60 and 275.61.

198.20 (c) The bonds are not included in computing any debt limitation applicable to the city  
198.21 of Brooklyn Center and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
198.22 principal and interest on the bonds is not subject to any levy limitation. A separate election  
198.23 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

198.24 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
198.25 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
198.26 after being first imposed, or (2) when the city council determines that the amount received  
198.27 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
198.28 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
198.29 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
198.30 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
198.31 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
198.32 any funds remaining after payment of the allowed costs due to the timing of the termination  
198.33 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the

199.1 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
199.2 if the city so determines by ordinance.

199.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
199.4 city of Brooklyn Center and its chief clerical officer comply with Minnesota Statutes, section  
199.5 645.021, subdivisions 2 and 3.

199.6 **Sec. 23. CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

199.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
199.8 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
199.9 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
199.10 the city of East Grand Forks may impose by ordinance a sales and use tax of 1.25 percent  
199.11 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
199.12 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
199.13 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
199.14 under this subdivision is in addition to any local sales and use tax imposed under any other  
199.15 special law.

199.16 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
199.17 under subdivision 1 must be used by the city of East Grand Forks to pay the costs of  
199.18 collecting and administering the tax and paying for the following projects in the city,  
199.19 including securing and paying debt service on bonds issued to finance all or part of the  
199.20 following projects:

199.21 (1) \$15,500,000 plus associated bonding costs for reconstruction and remodeling of,  
199.22 and upgrades and additions to, the Civic Center Sports Complex; and

199.23 (2) \$6,000,000 plus associated bonding costs for reconstruction and remodeling of, and  
199.24 upgrades and additions to, the VFW Memorial and Blue Line Arena.

199.25 Subd. 3. **Bonding authority.** (a) The city of East Grand Forks may issue bonds under  
199.26 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
199.27 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
199.28 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
199.29 issued under this subdivision may not exceed \$21,500,000 for the projects listed in  
199.30 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

199.31 (b) The bonds may be paid from or secured by any funds available to the city of East  
199.32 Grand Forks, including the tax authorized under subdivision 1 and the full faith and credit

200.1 of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
200.2 sections 275.60 and 275.61.

200.3 (c) The bonds are not included in computing any debt limitation applicable to the city  
200.4 of East Grand Forks and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
200.5 principal and interest on the bonds is not subject to any levy limitation. A separate election  
200.6 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

200.7 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
200.8 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
200.9 after being first imposed, or (2) when the city council determines that the amount received  
200.10 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
200.11 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
200.12 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
200.13 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
200.14 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
200.15 any funds remaining after payment of the allowed costs due to the timing of the termination  
200.16 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
200.17 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
200.18 if the city so determines by ordinance.

200.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
200.20 city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes,  
200.21 section 645.021, subdivisions 2 and 3.

200.22 Sec. 24. **CITY OF GOLDEN VALLEY; TAXES AUTHORIZED.**

200.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
200.24 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
200.25 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
200.26 the city of Golden Valley may impose by ordinance a sales and use tax of three-quarters of  
200.27 one percent for the purposes specified in subdivision 2. Except as otherwise provided in  
200.28 this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
200.29 administration, collection, and enforcement of the tax authorized under this subdivision.  
200.30 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
200.31 under any other special law.

200.32 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
200.33 under subdivision 1 must be used by the city of Golden Valley to pay the costs of collecting



201.1 and administering the tax and paying for the following projects in the city, including securing  
201.2 and paying debt service on bonds issued to finance all or part of the following projects:

201.3 (1) \$38,000,000 plus associated bonding costs for construction of a new public works  
201.4 facility; and

201.5 (2) \$35,000,000 plus associated bonding costs for construction of a new public safety  
201.6 facility.

201.7 Subd. 3. **Bonding authority.** (a) The city of Golden Valley may issue bonds under  
201.8 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects  
201.9 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
201.10 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
201.11 issued under this subdivision may not exceed \$73,000,000 for the projects listed in  
201.12 subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

201.13 (b) The bonds may be paid from or secured by any funds available to the city of Golden  
201.14 Valley, including the tax authorized under subdivision 1. The issuance of bonds under this  
201.15 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

201.16 (c) The bonds are not included in computing any debt limitation applicable to the city  
201.17 of Golden Valley, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
201.18 principal and interest on the bonds is not subject to any levy limitation. A separate election  
201.19 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

201.20 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
201.21 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years  
201.22 after the tax is first imposed, or (2) when the city council determines that the amount received  
201.23 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
201.24 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
201.25 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
201.26 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
201.27 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
201.28 any funds remaining after payment of the allowed costs due to the timing of the termination  
201.29 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the  
201.30 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
201.31 if the city so determines by ordinance.

201.32 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
201.33 city of Golden Valley and its chief clerical officer comply with Minnesota Statutes, section  
201.34 645.021, subdivisions 2 and 3.

202.1 **Sec. 25. CITY OF HENDERSON; TAXES AUTHORIZED.**

202.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
202.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
202.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
202.5 the city of Henderson may impose by ordinance a sales and use tax of one-half of one percent  
202.6 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
202.7 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
202.8 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
202.9 under this subdivision is in addition to any local sales and use tax imposed under any other  
202.10 special law.

202.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
202.12 under subdivision 1 must be used by the city of Henderson to pay the costs of collecting  
202.13 and administering the tax, and to finance up to \$240,000 plus associated bonding costs for  
202.14 the Allanson's Park Campground and Trail project. Authorized project costs include  
202.15 improvements to trails, improvements to the park campground and related facilities, utility  
202.16 improvements, handicap access improvements, and other improvements related to linkage  
202.17 to other local trails, as well as the associated bond costs for any bonds issued under  
202.18 subdivision 3.

202.19 **Subd. 3. Bonding authority.** (a) The city of Henderson may issue bonds under Minnesota  
202.20 Statutes, chapter 475, to finance up to \$240,000 of the portion of the costs of the project  
202.21 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,  
202.22 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
202.23 issued under this subdivision may not exceed \$240,000 plus an amount to be applied to the  
202.24 payment of the costs of issuing the bonds.

202.25 (b) The bonds may be paid from or secured by any funds available to the city of  
202.26 Henderson, including the tax authorized under subdivision 1. The issuance of bonds under  
202.27 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

202.28 (c) The bonds are not included in computing any debt limitation applicable to the city  
202.29 of Henderson, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
202.30 principal and interest on the bonds is not subject to any levy limitation. A separate election  
202.31 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

202.32 **Subd. 4. Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
202.33 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 15 years  
202.34 after the tax is first imposed; or (2) when the city council determines that the amount received

203.1 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
203.2 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
203.3 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
203.4 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
203.5 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
203.6 any funds remaining after payment of the allowed costs due to the timing of the termination  
203.7 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
203.8 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
203.9 if the city so determines by ordinance.

203.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
203.11 city of Henderson and its chief clerical officer comply with Minnesota Statutes, section  
203.12 645.021, subdivisions 2 and 3.

203.13 **Sec. 26. LAKE OF THE WOODS COUNTY LODGING TAX AUTHORIZED.**

203.14 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
203.15 law, ordinance, or city charter, and subject to the limitation in paragraph (b), the Board of  
203.16 Commissioners of Lake of the Woods County may impose, by ordinance, a tax of up to  
203.17 three percent on gross receipts in Lake of the Woods County subject to the lodging tax  
203.18 provisions under Minnesota Statutes, section 469.190.

203.19 (b) The provisions of paragraph (a) do not apply to any statutory or home rule city or  
203.20 town located in Lake of the Woods County that imposes a lodging tax under Minnesota  
203.21 Statutes, section 469.190, or the city of Baudette. The total tax imposed under Minnesota  
203.22 Statutes, section 469.190, and this section must not exceed three percent.

203.23 (c) To the extent not inconsistent with Minnesota Statutes, section 469.190, this section  
203.24 is governed by Minnesota Statutes, section 469.190.

203.25 (d) Revenues derived from taxes imposed under this section must be used to fund a new  
203.26 Lake of the Woods County Event and Visitors Bureau, as established by the Board of  
203.27 Commissioners of Lake of the Woods County, for purposes of marketing Lake of the Woods  
203.28 County. The Board of Commissioners must annually review the budget of the Event and  
203.29 Visitors Bureau. The Event and Visitors Bureau may receive revenues raised from the taxes  
203.30 imposed under this section only upon annual approval by the Board of Commissioners of  
203.31 the Event and Visitors Bureau budget.

204.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of Lake  
204.2 of the Woods County and its chief clerical officer comply with Minnesota Statutes, section  
204.3 645.021, subdivisions 2 and 3.

204.4 Sec. 27. **CITY OF PROCTOR; TAXES AUTHORIZED.**

204.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
204.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
204.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
204.8 the city of Proctor may impose by ordinance a sales and use tax of one-half of one percent  
204.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
204.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
204.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
204.12 under this subdivision is in addition to any local sales and use tax imposed under any other  
204.13 special law.

204.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
204.15 under subdivision 1 must be used by the city of Proctor to pay the costs of collecting and  
204.16 administering the tax and to finance up to \$3,850,000 plus associated bonding costs for  
204.17 construction of a new regional and statewide trail spur in the city, including securing and  
204.18 paying debt service on bonds issued to finance all or part of the project.

204.19 Subd. 3. **Bonding authority.** (a) The city of Proctor may issue bonds under Minnesota  
204.20 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
204.21 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
204.22 not exceed \$3,850,000, plus an amount to be applied to the payment of the costs of issuing  
204.23 the bonds.

204.24 (b) The bonds may be paid from or secured by any funds available to the city of Proctor,  
204.25 including the tax authorized under subdivision 1. The issuance of bonds under this  
204.26 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

204.27 (c) The bonds are not included in computing any debt limitation applicable to the city  
204.28 of Proctor, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
204.29 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
204.30 the bonds under Minnesota Statutes, section 475.58, is not required.

204.31 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
204.32 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
204.33 after being first imposed, or (2) when the city council determines that the amount received

205.1 from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus  
205.2 an amount sufficient to pay the costs related to issuance of any bonds authorized under  
205.3 subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota  
205.4 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment  
205.5 of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes,  
205.6 section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax  
205.7 imposed under subdivision 1 may expire at an earlier time if the city so determines by  
205.8 ordinance.

205.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
205.10 city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
205.11 subdivisions 2 and 3.

205.12 **Sec. 28. RICE COUNTY; TAXES AUTHORIZED.**

205.13 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
205.14 section 477A.016, or any other law or ordinance, and if approved by the voters at a general  
205.15 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Rice County  
205.16 may impose by ordinance a sales and use tax of three-eighths of one percent for the purposes  
205.17 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
205.18 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
205.19 enforcement of the tax authorized under this subdivision. The tax imposed under this  
205.20 subdivision is in addition to any local sales and use tax imposed under any other special  
205.21 law.

205.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
205.23 under subdivision 1 must be used by Rice County to pay the costs of collecting and  
205.24 administering the tax and paying for up to \$77,000,000 plus associated bonding costs for  
205.25 construction of a public safety facility in the county, including associated bond costs for  
205.26 any bonds issued under subdivision 3.

205.27 Subd. 3. **Bonding authority.** (a) Rice County may issue bonds under Minnesota Statutes,  
205.28 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision  
205.29 2 and approved by the voters as required under Minnesota Statutes, section 297A.99,  
205.30 subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this  
205.31 subdivision may not exceed \$77,000,000, plus an amount to be applied to the payment of  
205.32 the costs of issuing the bonds.

206.1 (b) The bonds may be paid from or secured by any funds available to Rice County,  
206.2 including the tax authorized under subdivision 1. The issuance of bonds under this  
206.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

206.4 (c) The bonds are not included in computing any debt limitation applicable to Rice  
206.5 County, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
206.6 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
206.7 the bonds under Minnesota Statutes, section 475.58, is not required.

206.8 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
206.9 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years  
206.10 after being first imposed, or (2) when the county board of commissioners determines that  
206.11 the amount received from the tax is sufficient to pay for the project costs authorized under  
206.12 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds  
206.13 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided  
206.14 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
206.15 after payment of the allowed costs due to the timing of the termination of the tax under  
206.16 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of  
206.17 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county  
206.18 so determines by ordinance.

206.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of Rice  
206.20 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
206.21 subdivisions 2 and 3.

206.22 Sec. 29. **CITY OF ROSEVILLE; TAXES AUTHORIZED.**

206.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
206.24 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
206.25 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
206.26 the city of Roseville may impose by ordinance a sales and use tax of one-half of one percent  
206.27 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
206.28 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
206.29 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
206.30 under this subdivision is in addition to any local sales and use tax imposed under any other  
206.31 special law.

206.32 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
206.33 under subdivision 1 must be used by the city of Roseville to pay the costs of collecting and

207.1 administering the tax and paying for the following projects in the city, including securing  
207.2 and paying debt service on bonds issued to finance all or part of the following projects:

207.3 (1) \$42,000,000 plus associated bonding costs for construction of a new maintenance  
207.4 facility;

207.5 (2) \$7,000,000 plus associated bonding costs for construction of a new license and  
207.6 passport center; and

207.7 (3) \$16,000,000 plus associated bonding costs for construction of a pedestrian bridge.

207.8 Subd. 3. **Bonding authority.** (a) The city of Roseville may issue bonds under Minnesota  
207.9 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
207.10 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
207.11 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
207.12 under this subdivision may not exceed \$65,000,000 for the projects listed in subdivision 2,  
207.13 plus an amount to be applied to the payment of the costs of issuing the bonds.

207.14 (b) The bonds may be paid from or secured by any funds available to the city of Roseville,  
207.15 including the tax authorized under subdivision 1. The issuance of bonds under this  
207.16 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

207.17 (c) The bonds are not included in computing any debt limitation applicable to the city  
207.18 of Roseville, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
207.19 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
207.20 the bonds under Minnesota Statutes, section 475.58, is not required.

207.21 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
207.22 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 16 years  
207.23 after the tax is first imposed, or (2) when the city council determines that the amount received  
207.24 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
207.25 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
207.26 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
207.27 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
207.28 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
207.29 any funds remaining after payment of the allowed costs due to the timing of the termination  
207.30 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
207.31 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
207.32 if the city so determines by ordinance.

208.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
208.2 city of Roseville and its chief clerical officer comply with Minnesota Statutes, section  
208.3 645.021, subdivisions 2 and 3.

208.4 Sec. 30. **WINONA COUNTY; TAXES AUTHORIZED.**

208.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
208.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
208.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
208.8 Winona County may impose, by ordinance, a sales and use tax of one-quarter of one percent  
208.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
208.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
208.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
208.12 under this subdivision is in addition to any local sales and use tax imposed under any other  
208.13 special law.

208.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
208.15 under subdivision 1 must be used by Winona County to pay the costs of collecting and  
208.16 administering the tax, and to finance up to \$28,000,000 plus associated bonding costs for  
208.17 construction of a new correctional facility or upgrades to an existing correctional facility,  
208.18 as well as the associated bond costs for any bonds issued under subdivision 3.

208.19 Subd. 3. **Bonding authority.** (a) Winona County may issue bonds under Minnesota  
208.20 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
208.21 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
208.22 not exceed \$28,000,000, plus an amount applied to the payment of costs of issuing the  
208.23 bonds.

208.24 (b) The bonds may be paid from or secured by any funds available to the county, including  
208.25 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
208.26 subject to Minnesota Statutes, sections 275.60 and 275.61.

208.27 (c) The bonds are not included in computing any debt limitation applicable to the county.  
208.28 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
208.29 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
208.30 under Minnesota Statutes, section 475.58, is not required.

208.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
208.32 earlier of: (1) 25 years after the tax is first imposed; or (2) when the county determines that  
208.33 it has received from this tax \$28,000,000 to fund the project listed in subdivision 2, plus an



209.1 amount sufficient to pay costs related to issuance of any bonds authorized under subdivision  
209.2 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes,  
209.3 section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the  
209.4 allowed costs due to timing of the termination of the tax under Minnesota Statutes, section  
209.5 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed  
209.6 under subdivision 1 may expire at an earlier time if the county determines by ordinance.

209.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
209.8 Winona County and its chief clerical officer comply with Minnesota Statutes, section  
209.9 645.021, subdivisions 2 and 3.

209.10 **Sec. 31. PANDEMIC-RELATED CONSTRUCTION COSTS; TEMPORARY**  
209.11 **AUTHORITY FOR INCREASE.**

209.12 (a) This section is intended as a response to pandemic-related increases in construction  
209.13 costs for projects funded by local sales taxes governed under Minnesota Statutes, section  
209.14 297A.99.

209.15 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, a political  
209.16 subdivision may elect to increase the aggregate amount authorized to finance projects first  
209.17 authorized in Laws 2021, First Special Session chapter 14, article 8, up to \$3,000,000. The  
209.18 governing body of the political subdivision shall adopt a resolution indicating approval of  
209.19 the increased amount for each project and submit the resolution to the state auditor no later  
209.20 than August 31 of the year the political subdivision presents the tax for voter approval as  
209.21 required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The  
209.22 increase allowed under this section applies only to political subdivisions that have not held  
209.23 an election as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph  
209.24 (a). The question to approve the tax must indicate the amount approved in the resolution.

209.25 (c) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, a political  
209.26 subdivision may elect to increase the amount authorized to finance a project authorized in  
209.27 this act by up to ten percent if the governing body of the political subdivision adopts a  
209.28 resolution indicating approval of the increased amount for each project and submits the  
209.29 resolution to the state auditor no later than August 31 of the year the political subdivision  
209.30 presents the tax for voter approval as required under Minnesota Statutes, section 297A.99,  
209.31 subdivision 3, paragraph (a). The question to approve the tax as required under Minnesota  
209.32 Statutes, section 297A.99, subdivision 3, paragraph (a), must indicate the amount approved  
209.33 in the resolution.

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

210.1 **ARTICLE 8**

210.2 **RENTER'S TAX CREDIT**

210.3 Section 1. Minnesota Statutes 2020, section 270B.12, subdivision 8, is amended to read:

210.4 Subd. 8. **County assessors; homestead classification and ~~renter~~ renter's credit.** The  
210.5 commissioner may disclose names and Social Security numbers of individuals who have  
210.6 applied for both homestead classification under section 273.13 and a ~~property tax refund~~  
210.7 ~~as a renter under chapter 290A~~ renter's credit under section 290.0693 for the purpose of and  
210.8 to the extent necessary to administer section 290A.25.

210.9 **EFFECTIVE DATE.** This section is effective for credits based on rent paid after  
210.10 December 31, 2021.

210.11 Sec. 2. Minnesota Statutes 2020, section 289A.38, subdivision 4, is amended to read:

210.12 Subd. 4. **Property tax refund.** For purposes of computing the limitation under this  
210.13 section, the due date of the property tax refund return as provided for in chapter 290A is  
210.14 the due date for an income tax return covering ~~the year in which the rent was paid or the~~  
210.15 year preceding the year in which the property taxes are payable.

210.16 **EFFECTIVE DATE.** This section is effective for credits based on rent paid after  
210.17 December 31, 2021.

210.18 Sec. 3. Minnesota Statutes 2020, section 289A.56, subdivision 6, is amended to read:

210.19 Subd. 6. **Property tax refunds under chapter 290A.** ~~(a) When a renter is owed a~~  
210.20 ~~property tax refund, an unpaid refund bears interest after August 14, or 60 days after the~~  
210.21 ~~refund claim was made, whichever is later, until the date the refund is paid.~~

210.22 ~~(b)~~ (b) When ~~any other~~ a claimant is owed a property tax refund under chapter 290A, the  
210.23 unpaid refund bears interest after September 29, or 60 days after the refund claim was made,  
210.24 whichever is later, until the date the refund is paid.

210.25 **EFFECTIVE DATE.** This section is effective for credits based on rent paid after  
210.26 December 31, 2021.

210.27 Sec. 4. Minnesota Statutes 2020, section 289A.60, subdivision 12, is amended to read:

210.28 Subd. 12. **Penalties relating to property tax refunds.** (a) If it is determined that a  
210.29 property tax refund claim is excessive and was negligently prepared, a claimant is liable

211.1 for a penalty of ten percent of the disallowed claim. If the claim has been paid, the amount  
211.2 disallowed must be recovered by assessment and collection.

211.3 (b) An owner who without reasonable cause fails to give a certificate of rent constituting  
211.4 property tax to a renter, as required by ~~section~~ sections 290.0693, subdivision 4, and 290A.19,  
211.5 paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

211.6 (c) If the owner or managing agent knowingly gives rent certificates that report total  
211.7 rent constituting property taxes in excess of the amount of actual rent constituting property  
211.8 taxes paid on the rented part of a property, the owner or managing agent is liable for a  
211.9 penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An  
211.10 overstatement of rent constituting property taxes is presumed to be knowingly made if it  
211.11 exceeds by ten percent or more the actual rent constituting property taxes.

211.12 **EFFECTIVE DATE.** This section is effective for credits based on rent paid after  
211.13 December 31, 2021.

211.14 Sec. 5. **[290.0693] RENTER'S CREDIT.**

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

211.17 (b) "Dependent" means any individual who is considered a dependent under sections  
211.18 151 and 152 of the Internal Revenue Code.

211.19 (c) "Disability" has the meaning given in section 290A.03, subdivision 10.

211.20 (d) "Exemption amount" means the exemption amount under section 290.0121,  
211.21 subdivision 1, paragraph (b).

211.22 (e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a  
211.23 homestead, exclusive of charges for any medical services furnished by the landlord as a  
211.24 part of the rental agreement, whether expressly set out in the rental agreement or not. The  
211.25 gross rent of a resident of a nursing home or intermediate care facility is \$530 per month.  
211.26 The gross rent of a resident of an adult foster care home is \$830 per month. The commissioner  
211.27 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The  
211.28 statutory year is 2022. If the landlord and tenant have not dealt with each other at arm's  
211.29 length and the commissioner determines that the gross rent charged was excessive, the  
211.30 commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

211.31 (f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

211.32 (g) "Household" has the meaning given in section 290A.03, subdivision 4.

212.1 (h) "Household income" means all income received by all persons of a household in a  
212.2 taxable year while members of the household, other than income of a dependent.

212.3 (i) "Income" means adjusted gross income, minus:

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

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

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

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

212.8 (5) for the taxpayer's fifth dependent, the exemption amount; and

212.9 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or  
212.10 before the close of the taxable year, the exemption amount.

212.11 (j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid  
212.12 in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable  
212.13 year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the  
212.14 taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim  
212.15 for a credit under this section by the claimant. If an individual occupies a homestead with  
212.16 another person or persons not related to the individual as the individual's spouse or as  
212.17 dependents, and the other person or persons are residing at the homestead under a rental or  
212.18 lease agreement with the individual, the amount of rent constituting property tax for the  
212.19 individual equals that portion not covered by the rental agreement.

212.20 Subd. 2. **Credit allowed; refundable.** (a) An individual is allowed a credit against the  
212.21 tax due under this chapter equal to the amount that rent constituting property taxes exceeds  
212.22 the percentage of the household income of the claimant specified in subdivision 3 in the  
212.23 taxable year in which the rent was paid as specified in that subdivision.

212.24 (b) If the amount of credit which a taxpayer is eligible to receive under this section  
212.25 exceeds the taxpayer's liability for tax under this chapter, the commissioner shall refund the  
212.26 excess to the taxpayer.

212.27 Subd. 3. **Renters.** (a) A taxpayer whose rent constituting property taxes exceeds the  
212.28 percentage of the household income stated below must pay an amount equal to the percent  
212.29 of income shown for the appropriate household income level along with the co-payment of  
212.30 the remaining amount of rent constituting property taxes. The credit under subdivision 2  
212.31 equals the amount of rent constituting property taxes that remain, up to the maximum credit  
212.32 amount shown below.

	<u>Household Income</u>	<u>Percent of Income</u>	<u>Co-payment</u>	<u>Maximum Credit</u>
213.1				
213.2	<u>\$0 to 5,879</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,400</u>
213.3	<u>5,880 to 7,809</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 2,400</u>
213.4	<u>7,810 to 9,769</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 2,330</u>
213.5	<u>9,770 to 13,699</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 2,280</u>
213.6	<u>13,700 to 17,609</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 2,210</u>
213.7	<u>17,610 to 19,559</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 2,150</u>
213.8	<u>19,560 to 21,499</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,100</u>
213.9	<u>21,500 to 25,429</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,030</u>
213.10	<u>25,430 to 27,379</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 1,980</u>
213.11	<u>27,380 to 29,329</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 1,980</u>
213.12	<u>29,330 to 33,249</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 1,980</u>
213.13	<u>33,250 to 35,189</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 1,980</u>
213.14	<u>35,190 to 41,059</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,980</u>
213.15	<u>41,060 to 46,919</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,980</u>
213.16	<u>46,920 to 54,759</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,980</u>
213.17	<u>54,760 to 56,699</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,800</u>
213.18	<u>56,700 to 58,669</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,620</u>
213.19	<u>58,670 to 60,629</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,370</u>
213.20	<u>60,630 to 62,569</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,190</u>
213.21	<u>62,570 to 64,539</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,080</u>
213.22	<u>64,540 to 66,489</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 600</u>
213.23	<u>66,490 to 68,439</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 230</u>

213.24 The credit is the amount calculated under this subdivision. No credit is allowed if the  
213.25 taxpayer's household income is \$68,440 or more.

213.26 (b) The commissioner must annually adjust the dollar amounts of the income thresholds  
213.27 and the maximum refunds in paragraph (a), as provided in section 270C.22. The statutory  
213.28 year is 2022.

213.29 (c) The commissioner shall construct and make available to taxpayers a comprehensive  
213.30 table showing the rent constituting property taxes to be paid and refund allowed at various  
213.31 levels of income and assessment. The table shall follow the schedule of income percentages,  
213.32 maximums, and other provisions specified in paragraph (a), except that the commissioner  
213.33 may graduate the transition between income brackets. All refunds shall be computed in  
213.34 accordance with tables prepared and issued by the commissioner.

213.35 Subd. 4. Owner or managing agent to furnish rent certificate. (a) The owner or  
213.36 managing agent of any property for which rent is paid for occupancy as a homestead must

214.1 furnish a certificate of rent paid to a person who is a renter on December 31, in the form  
214.2 prescribed by the commissioner. If the renter moves before December 31, the owner or  
214.3 managing agent may give the certificate to the renter at the time of moving, or mail the  
214.4 certificate to the forwarding address if an address has been provided by the renter. The  
214.5 certificate must be made available to the renter before February 1 of the year following the  
214.6 year in which the rent was paid. The owner or managing agent must retain a duplicate of  
214.7 each certificate or an equivalent record showing the same information for a period of three  
214.8 years. The duplicate or other record must be made available to the commissioner upon  
214.9 request.

214.10 (b) The commissioner may require the owner or managing agent, through a simple  
214.11 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
214.12 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe  
214.13 the content, format, and manner of the form pursuant to section 270C.30. The commissioner  
214.14 may require the Social Security number, individual taxpayer identification number, federal  
214.15 employer identification number, or Minnesota taxpayer identification number of the owner  
214.16 or managing agent who is required to furnish a certificate of rent paid under this paragraph.  
214.17 Before implementation, the commissioner, after consulting with representatives of owners  
214.18 or managing agents, shall develop an implementation and administration plan for the  
214.19 requirements of this paragraph that attempts to minimize financial burdens, administration  
214.20 and compliance costs, and takes into consideration existing systems of owners and managing  
214.21 agents.

214.22 Subd. 5. **Eligibility; residency.** (a) A taxpayer is eligible for the credit under this section  
214.23 if the taxpayer is an individual, other than a dependent, as defined under sections 151 and  
214.24 152 of the Internal Revenue Code, disregarding section 152(b)(3) of the Internal Revenue  
214.25 Code, who filed for a credit and who was a resident of this state during the taxable year for  
214.26 which the credit was claimed.

214.27 (b) In the case of a credit for rent constituting property taxes of a part-year Minnesota  
214.28 resident, the household income and rent constituting property taxes reflected in this  
214.29 computation shall be for the period of Minnesota residency only. Any rental expenses paid  
214.30 that may be reflected in arriving at federal adjusted gross income cannot be utilized for this  
214.31 computation.

214.32 (c) When two individuals of a household are able to meet the qualifications to claim a  
214.33 credit under this section, the individuals may determine among them as to which individual  
214.34 may claim the credit. If the individuals are unable to agree, the matter shall be referred to  
214.35 the commissioner of revenue whose decision shall be final.

215.1 (d) To claim a credit under this section, the taxpayer must have resided in a rented or  
215.2 leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes,  
215.3 including payments of special assessments imposed in lieu of ad valorem taxes, are payable  
215.4 at some time during the taxable year for which the taxpayer claimed the credit.

215.5 **Subd. 6. Residents of nursing homes, intermediate care facilities, long-term care**  
215.6 **facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim  
215.7 a credit under this section if the taxpayer is a resident of a nursing home, intermediate care  
215.8 facility, long-term residential facility, or a facility that accepts housing support payments  
215.9 whose rent constituting property taxes is paid pursuant to the Supplemental Security Income  
215.10 program under title XVI of the Social Security Act, the Minnesota supplemental aid program  
215.11 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX  
215.12 of the Social Security Act, or the housing support program under chapter 256I.

215.13 (b) If only a portion of the rent constituting property taxes is paid by these programs,  
215.14 the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction,  
215.15 the numerator of which is adjusted gross income, reduced by the total amount of income  
215.16 from the above sources other than vendor payments under the medical assistance program  
215.17 and the denominator of which is adjusted gross income, plus vendor payments under the  
215.18 medical assistance program, to determine the allowable credit.

215.19 (c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing  
215.20 home, intermediate care facility, long-term residential facility, or facility for which the rent  
215.21 was paid for the claimant by the housing support program for only a portion of the taxable  
215.22 year covered by the claim, the taxpayer may compute rent constituting property taxes by  
215.23 disregarding the rent constituting property taxes from the nursing home or facility and may  
215.24 use only that amount of rent constituting property taxes or property taxes payable relating  
215.25 to that portion of the year when the taxpayer was not in the facility. The taxpayer's household  
215.26 income is the income for the entire taxable year covered by the claim.

215.27 **Subd. 7. Credit for unmarried taxpayers residing in the same household.** If a  
215.28 homestead is occupied by two or more renters who are not married to each other, the rent  
215.29 shall be deemed to be paid equally by each renter, and separate claims shall be filed by each  
215.30 renter. The income of each renter shall be each renter's household income for purposes of  
215.31 computing the amount of credit to be allowed.

215.32 **Subd. 8. One claimant per household.** Only one taxpayer per household per year is  
215.33 entitled to claim a credit under this section. In the case of a married taxpayer filing a separate  
215.34 return, only one spouse may claim the credit under this section. The credit amount for the

216.1 spouse that claims the credit must be calculated based on household income and not solely  
216.2 on the income of the spouse.

216.3 Subd. 9. **Proof of claim.** (a) Every taxpayer claiming a credit under this section shall  
216.4 supply to the commissioner of revenue, in support of the claim, proof of eligibility under  
216.5 this section, including but not limited to amount of rent paid, name and address of owner  
216.6 or managing agent of property rented, changes in household membership, and household  
216.7 income.

216.8 (b) Taxpayers with a disability shall submit proof of disability in the form and manner  
216.9 as the commissioner prescribes. The department may require examination and certification  
216.10 by the taxpayer's physician or by a physician designated by the commissioner. The cost of  
216.11 any examination shall be borne by the taxpayer, unless the examination proves the disability,  
216.12 in which case the cost of the examination shall be borne by the commissioner.

216.13 (c) A determination of disability of a taxpayer by the Social Security Administration  
216.14 under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of  
216.15 disability.

216.16 Subd. 10. **No relief allowed in certain cases.** No claim for a credit under this section  
216.17 shall be allowed if the commissioner determines that the claimant received tenancy to the  
216.18 homestead primarily for the purpose of receiving a credit under this section and not for bona  
216.19 fide residence purposes.

216.20 Subd. 11. **Appropriation.** The amount necessary to pay the refunds under this section  
216.21 is appropriated from the general fund to the commissioner.

216.22 Subd. 12. **Simplified filing for individuals without an income tax liability.** The  
216.23 commissioner of revenue must establish a simplified filing process through which a taxpayer  
216.24 who did not file an individual income tax return due to a lack of tax liability may file a  
216.25 return to claim the credit under this section. The filing process and forms may be in the  
216.26 form or manner determined by the commissioner, but must be designed to reduce the  
216.27 complexity of the filing process and the time needed to file for individuals without an income  
216.28 tax liability.

216.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
216.30 31, 2021.



217.1 Sec. 6. Minnesota Statutes 2020, section 290A.02, is amended to read:

217.2 **290A.02 PURPOSE.**

217.3 The purpose of this chapter is to provide property tax relief to certain persons who own  
217.4 ~~or rent~~ their homesteads.

217.5 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
217.6 and following years.

217.7 Sec. 7. Minnesota Statutes 2021 Supplement, section 290A.03, subdivision 3, is amended  
217.8 to read:

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

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

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

217.12 (i) all nontaxable income;

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

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

217.19 (iv) cash public assistance and relief;

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

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

217.27 (vii) workers' compensation;

217.28 (viii) nontaxable strike benefits;

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

218.4 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
218.5 1986, as amended through December 31, 1995;

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

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

218.14 (xiii) nontaxable scholarship or fellowship grants;

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

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

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

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

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

218.27 (b) "Income" does not include:

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

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

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

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

219.6 (5) relief granted under this chapter;

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

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

219.12 (8) alimony paid; or

219.13 (9) veterans disability compensation paid under title 38 of the United States Code.

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

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

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

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

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

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

219.20 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or  
219.21 before December 31 of the year for which the taxes were levied ~~or rent paid~~, the exemption  
219.22 amount.

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

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

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

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

220.3 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
220.4 and following years.

220.5 Sec. 8. Minnesota Statutes 2020, section 290A.03, subdivision 6, is amended to read:

220.6 Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's  
220.7 principal residence and so much of the land surrounding it, not exceeding ten acres, as is  
220.8 reasonably necessary for use of the dwelling as a home and any other property used for  
220.9 purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural  
220.10 land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead"  
220.11 is limited to the house and garage and immediately surrounding one acre of land. The  
220.12 homestead may be owned ~~or rented and may be~~ as a part of a multidwelling or multipurpose  
220.13 building and the land on which it is built. A manufactured home, as defined in section  
220.14 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012,  
220.15 subdivision 9, assessed as personal property may be a dwelling for purposes of this  
220.16 subdivision.

220.17 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
220.18 and following years.

220.19 Sec. 9. Minnesota Statutes 2020, section 290A.03, subdivision 8, is amended to read:

220.20 Subd. 8. **Claimant.** ~~(a)~~ "Claimant" means a person, other than a dependent, as defined  
220.21 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)  
220.22 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a  
220.23 resident of this state as provided in chapter 290 during the calendar year for which the claim  
220.24 for relief was filed.

220.25 ~~(b) In the case of a claim relating to rent constituting property taxes, the claimant shall~~  
220.26 ~~have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu~~  
220.27 ~~of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem~~  
220.28 ~~taxes, are payable at some time during the calendar year covered by the claim.~~

220.29 ~~(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,~~  
220.30 ~~long-term residential facility, or a facility that accepts housing support payments whose~~  
220.31 ~~rent constituting property taxes is paid pursuant to the Supplemental Security Income~~  
220.32 ~~program under title XVI of the Social Security Act, the Minnesota supplemental aid program~~

221.1 ~~under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX~~  
221.2 ~~of the Social Security Act, or the housing support program under chapter 256I.~~

221.3 ~~If only a portion of the rent constituting property taxes is paid by these programs, the~~  
221.4 ~~resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant~~  
221.5 ~~to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as~~  
221.6 ~~defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income~~  
221.7 ~~from the above sources other than vendor payments under the medical assistance program~~  
221.8 ~~and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),~~  
221.9 ~~plus vendor payments under the medical assistance program, to determine the allowable~~  
221.10 ~~refund pursuant to this chapter.~~

221.11 ~~(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,~~  
221.12 ~~intermediate care facility, long-term residential facility, or facility for which the rent was~~  
221.13 ~~paid for the claimant by the housing support program for only a portion of the calendar year~~  
221.14 ~~covered by the claim, the claimant may compute rent constituting property taxes by~~  
221.15 ~~disregarding the rent constituting property taxes from the nursing home or facility and use~~  
221.16 ~~only that amount of rent constituting property taxes or property taxes payable relating to~~  
221.17 ~~that portion of the year when the claimant was not in the facility. The claimant's household~~  
221.18 ~~income is the income for the entire calendar year covered by the claim.~~

221.19 ~~(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota~~  
221.20 ~~resident, the income and rent reflected in this computation shall be for the period of~~  
221.21 ~~Minnesota residency only. Any rental expenses paid which may be reflected in arriving at~~  
221.22 ~~federal adjusted gross income cannot be utilized for this computation. When two individuals~~  
221.23 ~~of a household are able to meet the qualifications for a claimant, they may determine among~~  
221.24 ~~them as to who the claimant shall be. If they are unable to agree, the matter shall be referred~~  
221.25 ~~to the commissioner of revenue whose decision shall be final. If a homestead property owner~~  
221.26 ~~was a part-year Minnesota resident, the income reflected in the computation made pursuant~~  
221.27 ~~to section 290A.04 shall be for the entire calendar year, including income not assignable to~~  
221.28 ~~Minnesota.~~

221.29 ~~(f) If a homestead is occupied by two or more renters, who are not married to each other,~~  
221.30 ~~the rent shall be deemed to be paid equally by each, and separate claims shall be filed by~~  
221.31 ~~each. The income of each shall be each renter's household income for purposes of computing~~  
221.32 ~~the amount of credit to be allowed.~~

221.33 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
221.34 and following years.

222.1 Sec. 10. Minnesota Statutes 2020, section 290A.03, subdivision 12, is amended to read:

222.2 Subd. 12. **Gross rent.** (a) "Gross rent" means rent paid for the right of occupancy, at  
 222.3 arm's length, of a site on which a homestead, ~~exclusive of charges for any medical services~~  
 222.4 ~~furnished by the landlord as a part of the rental agreement, whether expressly set out in the~~  
 222.5 ~~rental agreement or not~~ which is a manufactured home as defined in section 273.125,  
 222.6 subdivision 8, including a manufactured home located in a manufactured home community  
 222.7 owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as  
 222.8 manufactured homes under section 168.012, subdivision 9, is located.

222.9 ~~(b) The gross rent of a resident of a nursing home or intermediate care facility is \$500~~  
 222.10 ~~per month. The gross rent of a resident of an adult foster care home is \$780 per month. The~~  
 222.11 ~~commissioner shall annually adjust the amounts in this paragraph as provided in section~~  
 222.12 ~~270C.22. The statutory year is 2018.~~

222.13 ~~(e)~~ (b) If the landlord and tenant have not dealt with each other at arm's length and the  
 222.14 commissioner determines that the gross rent charged was excessive, the commissioner may  
 222.15 adjust the gross rent to a reasonable amount for purposes of this chapter.

222.16 ~~(d)~~ (c) Any amount paid by a claimant residing in property assessed pursuant to section  
 222.17 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property ~~shall be excluded from~~  
 222.18 ~~gross rent for purposes of this chapter. However, property taxes imputed to the homestead~~  
 222.19 ~~of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead~~  
 222.20 ~~treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the~~  
 222.21 term "property taxes payable" as defined in subdivision 13, to the extent allowed,  
 222.22 notwithstanding the fact that ownership is not in the name of the claimant.

222.23 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 222.24 and following years.

222.25 Sec. 11. Minnesota Statutes 2020, section 290A.04, subdivision 1, is amended to read:

222.26 Subdivision 1. **Refund.** A refund shall be allowed each claimant in the amount that  
 222.27 property taxes payable ~~or rent constituting property taxes~~ exceed the percentage of the  
 222.28 household income of the claimant specified in subdivision 2 ~~or 2a~~ in the year for which the  
 222.29 taxes were levied ~~or in the year in which the rent was paid~~ as specified in subdivision 2 ~~or~~  
 222.30 2a. If the amount of property taxes payable ~~or rent constituting property taxes~~ is equal to  
 222.31 or less than the percentage of the household income of the claimant specified in subdivision  
 222.32 2 ~~or 2a~~ in the year for which the taxes were levied ~~or in the year in which the rent was paid,~~  
 222.33 the claimant shall not be eligible for a state refund pursuant to this section.

223.1 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 223.2 and following years.

223.3 Sec. 12. Minnesota Statutes 2020, section 290A.05, is amended to read:

223.4 **290A.05 COMBINED HOUSEHOLD INCOME; RENTAL AGREEMENTS AND**  
 223.5 **REDUCTION OF PROPERTY TAXES PAYABLE.**

223.6 (a) If a person occupies a homestead with another person not related to the person as  
 223.7 the person's spouse, excluding dependents, roomers or boarders on contract, and has property  
 223.8 tax payable with respect to the homestead, the household income of the claimant or claimants  
 223.9 for the purpose of computing the refund allowed by section 290A.04 shall include the total  
 223.10 income received by the other persons residing in the homestead. For purposes of this section,  
 223.11 "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead  
 223.12 and does not have an ownership interest in the homestead.

223.13 (b) If a person occupies a homestead with another person or persons not related to the  
 223.14 person as the person's spouse or as dependents, ~~the property tax payable or rent constituting~~  
 223.15 ~~property tax shall be reduced as follows.~~

223.16 ~~If~~ and the other person or persons are residing at the homestead under a rental or lease  
 223.17 agreement with the homeowner, the amount of property tax payable ~~or rent constituting~~  
 223.18 ~~property tax shall be~~ equals that portion not covered by the rental agreement.

223.19 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 223.20 and property taxes payable in 2023, and following years.

223.21 Sec. 13. Minnesota Statutes 2020, section 290A.07, subdivision 2a, is amended to read:

223.22 Subd. 2a. **Time of payment to ~~renter~~ or manufactured home homeowner.** A claimant  
 223.23 who is ~~a renter~~ or a homeowner who occupies a manufactured home, as defined in section  
 223.24 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under  
 223.25 section 168.012, subdivision 9, shall receive full payment after August 1 and before August  
 223.26 15 or 60 days after receipt of the application, whichever is later.

223.27 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 223.28 and following years.

224.1 Sec. 14. Minnesota Statutes 2020, section 290A.08, is amended to read:

224.2 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

224.3 Only one claimant per household per year is entitled to relief under this chapter. Payment  
224.4 of the claim for relief may be made payable to the spouses as one claimant. The  
224.5 commissioner, upon written request, may issue separate checks, to the spouses for one-half  
224.6 of the relief provided the original check has not been issued or has been returned. Individuals  
224.7 related as spouses who were married during the year may elect to file a joint claim which  
224.8 shall include each spouse's income, ~~rent constituting property taxes,~~ and property taxes  
224.9 payable. Spouses who were married for the entire year and were domiciled in the same  
224.10 household for the entire year must file a joint claim. The maximum dollar amount allowable  
224.11 for a joint claim shall not exceed the amount that one person could receive.

224.12 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
224.13 and following years.

224.14 Sec. 15. Minnesota Statutes 2020, section 290A.09, is amended to read:

224.15 **290A.09 PROOF OF CLAIM.**

224.16 Every claimant shall supply to the commissioner of revenue, in support of the claim,  
224.17 proof of eligibility under this chapter, including but not limited to amount of ~~rent paid or~~  
224.18 ~~property taxes accrued, name and address of owner or managing agent of property rented,~~  
224.19 changes in homestead, household membership, household income, size and nature of property  
224.20 claimed as a homestead.

224.21 Persons with a disability filing claims shall submit proof of disability in the form and  
224.22 manner as the commissioner may prescribe. The department may require examination and  
224.23 certification by the claimant's physician or by a physician designated by the commissioner.  
224.24 The cost of any examination shall be borne by the claimant, unless the examination proves  
224.25 the disability, in which case the cost of the examination shall be borne by the commissioner.

224.26 A determination of disability of a claimant by the Social Security Administration under  
224.27 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

224.28 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
224.29 and following years.



225.1 Sec. 16. Minnesota Statutes 2020, section 290A.091, is amended to read:

225.2 **290A.091 CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.**

225.3 The cooperative manager of a leasehold cooperative shall furnish a statement to each  
 225.4 tenant by March 31 of the year in which the property tax is payable showing each unit's  
 225.5 share of the gross property tax and each unit's share of any property tax credits. Each tenant  
 225.6 may apply for a property tax refund under this chapter as a homeowner based on each  
 225.7 tenant's share of property taxes. The tenant may not ~~include any rent constituting property~~  
 225.8 ~~taxes paid on that unit~~ claim the renter's credit under section 290.0693. For the purposes of  
 225.9 this section, a leasehold cooperative is formed on the day that leasehold cooperative status  
 225.10 is granted by the appropriate county official.

225.11 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 225.12 and following years.

225.13 Sec. 17. Minnesota Statutes 2020, section 290A.13, is amended to read:

225.14 **290A.13 NO RELIEF ALLOWED IN CERTAIN CASES.**

225.15 No claim for relief under this chapter shall be allowed if the commissioner determines  
 225.16 that the claimant received title ~~or tenancy~~ to the homestead primarily for the purpose of  
 225.17 receiving benefits under this chapter and not for bona fide residence purposes.

225.18 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 225.19 and following years.

225.20 Sec. 18. Minnesota Statutes 2020, section 290A.19, is amended to read:

225.21 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

225.22 (a) The park owner ~~or managing agent of any of a~~ property for which rent is paid for  
 225.23 occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter  
 225.24 on December 31, in the form prescribed by the commissioner. If the renter moves before  
 225.25 December 31, the park owner ~~or managing agent~~ may give the certificate to the renter at  
 225.26 the time of moving, or mail the certificate to the forwarding address if an address has been  
 225.27 provided by the renter. The certificate must be made available to the renter before February  
 225.28 1 of the year following the year in which the rent was paid. The park owner ~~or managing~~  
 225.29 ~~agent~~ must retain a duplicate of each certificate or an equivalent record showing the same  
 225.30 information for a period of three years. The duplicate or other record must be made available  
 225.31 to the commissioner upon request.

226.1 (b) The commissioner may require the park owner ~~or managing agent~~, through a simple  
 226.2 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
 226.3 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe  
 226.4 the content, format, and manner of the form pursuant to section 270C.30. The commissioner  
 226.5 may require the Social Security number, individual taxpayer identification number, federal  
 226.6 employer identification number, or Minnesota taxpayer identification number of the park  
 226.7 owner who is required to furnish a certificate of rent paid under this paragraph. Prior to  
 226.8 implementation, the commissioner, after consulting with representatives of park owners ~~or~~  
 226.9 ~~managing agents~~, shall develop an implementation and administration plan for the  
 226.10 requirements of this paragraph that attempts to minimize financial burdens, administration  
 226.11 and compliance costs, and takes into consideration existing systems of park owners ~~and~~  
 226.12 ~~managing agents~~.

226.13 (c) For the purposes of this section, ~~"owner" includes~~ "park owner" means a park owner  
 226.14 as defined under section 327C.01, subdivision 6, and "property" includes a lot as defined  
 226.15 under section 327C.01, subdivision 3.

226.16 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
 226.17 and following years.

226.18 Sec. 19. Minnesota Statutes 2020, section 290A.25, is amended to read:

226.19 **290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.**

226.20 Annually, the commissioner of revenue shall furnish a list to the county assessor  
 226.21 containing the names and Social Security numbers of persons who have applied for both  
 226.22 homestead classification under section 273.13 and a ~~property tax refund as a renter under~~  
 226.23 ~~this chapter~~ renter's credit under section 290.0693.

226.24 Within 90 days of the notification, the county assessor shall investigate to determine if  
 226.25 the homestead classification was improperly claimed. If the property owner does not qualify,  
 226.26 the county assessor shall notify the county auditor who will determine the amount of  
 226.27 homestead benefits that has been improperly allowed. For the purpose of this section,  
 226.28 "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county  
 226.29 auditor shall send a notice to persons who owned the affected property at the time the  
 226.30 homestead application related to the improper homestead was filed, demanding  
 226.31 reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead  
 226.32 benefits. The person notified may appeal the county's determination with the Minnesota  
 226.33 Tax Court within 60 days of the date of the notice from the county as provided in section  
 226.34 273.124, subdivision 13b.

227.1 If the amount of homestead benefits and penalty is not paid within 60 days, and if no  
227.2 appeal has been filed, the county auditor shall certify the amount of taxes and penalty to  
227.3 the county treasurer. The county treasurer will add interest to the unpaid homestead benefits  
227.4 and penalty amounts at the rate provided for delinquent personal property taxes for the  
227.5 period beginning 60 days after demand for payment was made until payment. If the person  
227.6 notified is the current owner of the property, the treasurer may add the total amount of  
227.7 benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property  
227.8 in the following year. If the person notified is not the current owner of the property, the  
227.9 treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A,  
227.10 or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce  
227.11 payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent  
227.12 tax obligations of the person who owned the property at the time the application related to  
227.13 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of  
227.14 personal liability for the benefits, penalty, interest, and costs, and instead extend those  
227.15 amounts on the tax lists against the property for taxes payable in the following year to the  
227.16 extent that the current owner agrees in writing.

227.17 Any amount of homestead benefits recovered by the county from the property owner  
227.18 shall be distributed to the county, city or town, and school district where the property is  
227.19 located in the same proportion that each taxing district's levy was to the total of the three  
227.20 taxing districts' levy for the current year. Any amount recovered attributable to taconite  
227.21 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the  
227.22 taconite property tax relief account. Any amount recovered that is attributable to supplemental  
227.23 homestead credit is to be transmitted to the commissioner of revenue for deposit in the  
227.24 general fund of the state treasury. The total amount of penalty collected must be deposited  
227.25 in the county general fund.

227.26 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
227.27 and following years.

227.28 Sec. 20. Minnesota Statutes 2020, section 462A.05, subdivision 24, is amended to read:

227.29 Subd. 24. **Housing for elderly, persons with physical or developmental disabilities,**  
227.30 **and single parent families.** (a) It may engage in housing programs for low- and  
227.31 moderate-income elderly, persons with physical or developmental disabilities, or single  
227.32 parent families in the case of home sharing programs, as defined by the agency, to provide  
227.33 grants or loans, with or without interest, for:

227.34 (1) accessibility improvements to residences occupied by elderly persons;

228.1 (2) housing sponsors, as defined by the agency, of home sharing programs to match  
228.2 existing homeowners with prospective tenants who will contribute either rent or services  
228.3 to the homeowner, where either the homeowner or the prospective tenant is elderly, a person  
228.4 with physical or developmental disabilities, or the head of a single parent family;

228.5 (3) the construction of or conversion of existing buildings into structures for occupancy  
228.6 by the elderly that contain from three to 12 private sleeping rooms with shared cooking  
228.7 facilities and common space; and

228.8 (4) housing sponsors, as defined by the agency, to demonstrate the potential for home  
228.9 equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine  
228.10 the need in those equity conversions for consumer safeguards.

228.11 (b) In making the grants or loans, the agency shall determine the terms and conditions  
228.12 of repayment and the appropriate security, if any, should repayment be required. The agency  
228.13 may provide technical assistance to sponsors of home sharing programs or may contract or  
228.14 delegate the provision of the technical assistance in accordance with section 462A.07,  
228.15 subdivision 12.

228.16 (c) Housing sponsors who receive funding through these programs shall provide  
228.17 homeowners and tenants participating in a home sharing program with information regarding  
228.18 their rights and obligations as they relate to federal and state tax law including, but not  
228.19 limited to, taxable rental income, homestead classification under chapter 273, the renter's  
228.20 credit under section 290.0693, and the property tax refund act under chapter 290A.

228.21 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
228.22 and following years.

228.23 Sec. 21. **REPEALER.**

228.24 Minnesota Statutes 2020, sections 290A.03, subdivisions 9 and 11; 290A.04, subdivisions  
228.25 2a and 5; and 290A.23, subdivision 1, are repealed.

228.26 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2022  
228.27 and following years.

229.1

**ARTICLE 9**

229.2

**PUBLIC FINANCE**

229.3 Section 1. Minnesota Statutes 2020, section 123B.61, is amended to read:

229.4

**123B.61 PURCHASE OF CERTAIN EQUIPMENT.**

229.5 The board of a district may issue general obligation certificates of indebtedness or capital  
229.6 notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone  
229.7 systems, cable equipment, photocopy and office equipment, technological equipment for  
229.8 instruction, and other capital equipment having an expected useful life at least as long as  
229.9 the terms of the certificates or notes; (b) purchase computer hardware and software, without  
229.10 regard to its expected useful life, whether bundled with machinery or equipment or  
229.11 unbundled, together with application development services and training related to the use  
229.12 of the computer; and (c) prepay special assessments. The certificates or notes must be  
229.13 payable in not more than ~~ten~~ 20 years and must be issued on the terms and in the manner  
229.14 determined by the board, ~~except that certificates or notes issued to prepay special assessments~~  
229.15 ~~must be payable in not more than 20 years.~~ The certificates or notes may be issued by  
229.16 resolution and without the requirement for an election. The certificates or notes are general  
229.17 obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment  
229.18 of the principal and interest on the certificates or notes, in accordance with section 475.61,  
229.19 as in the case of bonds. The sum of the tax levies under this section and section 123B.62  
229.20 for each year must not exceed the lesser of the amount of the district's total operating capital  
229.21 revenue or the sum of the district's levy in the general and community service funds excluding  
229.22 the adjustments under this section for the year preceding the year the initial debt service  
229.23 levies are certified. The district's general fund levy for each year must be reduced by the  
229.24 sum of (1) the amount of the tax levies for debt service certified for each year for payment  
229.25 of the principal and interest on the certificates or notes issued under this section as required  
229.26 by section 475.61, (2) the amount of the tax levies for debt service certified for each year  
229.27 for payment of the principal and interest on bonds issued under section 123B.62, and (3)  
229.28 any excess amount in the debt redemption fund used to retire bonds, certificates, or notes  
229.29 issued under this section or section 123B.62 after April 1, 1997, other than amounts used  
229.30 to pay capitalized interest. If the district's general fund levy is less than the amount of the  
229.31 reduction, the balance shall be deducted first from the district's community service fund  
229.32 levy, and next from the district's general fund or community service fund levies for the  
229.33 following year. A district using an excess amount in the debt redemption fund to retire the  
229.34 certificates or notes shall report the amount used for this purpose to the commissioner by  
229.35 July 15 of the following fiscal year. A district having an outstanding capital loan under

230.1 section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an  
230.2 excess amount in the debt redemption fund to retire the certificates or notes.

230.3 Sec. 2. Minnesota Statutes 2020, section 366.095, subdivision 1, is amended to read:

230.4 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of  
230.5 indebtedness within the debt limits for a town purpose otherwise authorized by law. The  
230.6 certificates shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and  
230.7 in the manner as determined by the board ~~may determine, provided that notes issued for~~  
230.8 ~~projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must~~  
230.9 ~~be payable in not more than 20 years.~~ If the amount of the certificates to be issued exceeds  
230.10 0.25 percent of the estimated market value of the town, they shall not be issued for at least  
230.11 ten days after publication in a newspaper of general circulation in the town of the board's  
230.12 resolution determining to issue them. If within that time, a petition asking for an election  
230.13 on the proposition signed by voters equal to ten percent of the number of voters at the last  
230.14 regular town election is filed with the clerk, the certificates shall not be issued until their  
230.15 issuance has been approved by a majority of the votes cast on the question at a regular or  
230.16 special election. A tax levy shall be made to pay the principal and interest on the certificates  
230.17 as in the case of bonds.

230.18 Sec. 3. Minnesota Statutes 2020, section 373.01, subdivision 3, is amended to read:

230.19 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum,  
230.20 issue capital notes subject to the county debt limit to purchase capital equipment useful for  
230.21 county purposes that has an expected useful life at least equal to the term of the notes. The  
230.22 notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in  
230.23 ~~a~~ the manner determined by the board ~~determines~~. A tax levy shall be made for payment of  
230.24 the principal and interest on the notes, in accordance with section 475.61, as in the case of  
230.25 bonds.

230.26 (b) For purposes of this subdivision, "capital equipment" means:

230.27 (1) public safety, ambulance, road construction or maintenance, ~~and~~ medical equipment,  
230.28 and other capital equipment; and

230.29 (2) computer hardware and software, whether bundled with machinery or equipment or  
230.30 unbundled, together with application development services and training related to the use  
230.31 of the computer hardware or software.

231.1 Sec. 4. Minnesota Statutes 2020, section 383B.117, subdivision 2, is amended to read:

231.2 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and  
231.3 without public referendum, issue capital notes within existing debt limits for the purpose  
231.4 of purchasing ambulance and other medical equipment, road construction or maintenance  
231.5 equipment, public safety equipment and other capital equipment having an expected useful  
231.6 life at least equal to the term of the notes issued. The notes shall be payable in not more  
231.7 than ~~ten~~ 20 years and shall be issued on the terms and in ~~a~~ the manner as determined by the  
231.8 board ~~determines, provided that notes issued for projects that eliminate R-22, as defined in~~  
231.9 ~~section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~ The  
231.10 total principal amount of the notes issued for any fiscal year shall not exceed one percent  
231.11 of the total annual budget for that year and shall be issued solely for the purchases authorized  
231.12 in this subdivision. A tax levy shall be made for the payment of the principal and interest  
231.13 on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes  
231.14 computer hardware and software, whether bundled with machinery or equipment or  
231.15 unbundled. For purposes of this subdivision, the term "medical equipment" includes computer  
231.16 hardware and software and other intellectual property for use in medical diagnosis, medical  
231.17 procedures, research, record keeping, billing, and other hospital applications, together with  
231.18 application development services and training related to the use of the computer hardware  
231.19 and software and other intellectual property, all without regard to their useful life. For  
231.20 purposes of determining the amount of capital notes which the county may issue in any  
231.21 year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined  
231.22 and the notes issuable under this subdivision shall be in addition to obligations issuable  
231.23 under section 373.01, subdivision 3.

231.24 Sec. 5. Minnesota Statutes 2020, section 410.32, is amended to read:

231.25 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

231.26 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter  
231.27 city may, by resolution and without public referendum, issue capital notes subject to the  
231.28 city debt limit to purchase capital equipment.

231.29 (b) For purposes of this section, "capital equipment" means:

231.30 (1) public safety equipment, ambulance and other medical equipment, road construction  
231.31 and maintenance equipment, and other capital equipment; and

232.1 (2) computer hardware and software, whether bundled with machinery or equipment or  
232.2 unbundled, together with application development services and training related to the use  
232.3 of the computer hardware and software.

232.4 (c) The equipment or software must have an expected useful life at least as long as the  
232.5 term of the notes.

232.6 (d) The notes shall be payable in not more than ~~ten~~ 20 years and be issued on the terms  
232.7 and in the manner determined by the city ~~determines, provided that notes issued for projects~~  
232.8 ~~that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable~~  
232.9 ~~in not more than 20 years~~. The total principal amount of the capital notes issued in a fiscal  
232.10 year shall not exceed 0.03 percent of the estimated market value of taxable property in the  
232.11 city for that year.

232.12 (e) A tax levy shall be made for the payment of the principal and interest on the notes,  
232.13 in accordance with section 475.61, as in the case of bonds.

232.14 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the  
232.15 governing body of the city.

232.16 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
232.17 city may also issue capital notes subject to its debt limit in the manner and subject to the  
232.18 limitations applicable to statutory cities pursuant to section 412.301.

232.19 Sec. 6. Minnesota Statutes 2020, section 412.301, is amended to read:

232.20 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

232.21 (a) The council may issue certificates of indebtedness or capital notes subject to the city  
232.22 debt limits to purchase capital equipment.

232.23 (b) For purposes of this section, "capital equipment" means:

232.24 (1) public safety equipment, ambulance and other medical equipment, road construction  
232.25 and maintenance equipment, and other capital equipment; and

232.26 (2) computer hardware and software, whether bundled with machinery or equipment or  
232.27 unbundled, together with application development services and training related to the use  
232.28 of the computer hardware or software.

232.29 (c) The equipment or software must have an expected useful life at least as long as the  
232.30 terms of the certificates or notes.



233.1 (d) Such certificates or notes shall be payable in not more than ~~ten~~ 20 years and shall  
 233.2 be issued on ~~such~~ the terms and in ~~such~~ the manner as determined by the council ~~may~~  
 233.3 ~~determine, provided, however, that notes issued for projects that eliminate R-22, as defined~~  
 233.4 ~~in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~

233.5 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
 233.6 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
 233.7 not be issued for at least ten days after publication in the official newspaper of a council  
 233.8 resolution determining to issue them; and if before the end of that time, a petition asking  
 233.9 for an election on the proposition signed by voters equal to ten percent of the number of  
 233.10 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
 233.11 shall not be issued until the proposition of their issuance has been approved by a majority  
 233.12 of the votes cast on the question at a regular or special election.

233.13 (f) A tax levy shall be made for the payment of the principal and interest on such  
 233.14 certificates or notes, in accordance with section 475.61, as in the case of bonds.

## 233.15 ARTICLE 10

### 233.16 MISCELLANEOUS

233.17 Section 1. Minnesota Statutes 2021 Supplement, section 3.192, is amended to read:

#### 233.18 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

233.19 (a) ~~Any~~ Within 60 days after final enactment of a bill that creates, renews, or continues  
 233.20 a tax expenditure must include, the chairs of the house of representatives and senate  
 233.21 committees with primary jurisdiction over taxes must submit to the Tax Expenditure Review  
 233.22 Commission a statement of intent that clearly provides the purpose of the tax expenditure  
 233.23 and a standard or goal against which its effectiveness may be measured.

233.24 (b) For purposes of this section, "tax expenditure" has the meaning given in section  
 233.25 270C.11, subdivision 6, and "Tax Expenditure Review Commission" has the meaning given  
 233.26 in section 3.855.

233.27 (c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure  
 233.28 must include an expiration date for the tax expenditure that is no more than eight years from  
 233.29 the day the provision takes effect.

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

234.1 Sec. 2. Minnesota Statutes 2021 Supplement, section 3.8855, subdivision 4, is amended  
234.2 to read:

234.3 Subd. 4. **Duties.** (a) ~~In the first~~ For not more than three years after the commission is  
234.4 established, the commission must complete an initial review of the state's tax expenditures.  
234.5 The initial review must identify the purpose of each of the state's tax expenditures, if none  
234.6 was identified in the enacting legislation or submitted to the commission in accordance with  
234.7 section 3.192. The commission may also identify metrics for evaluating the effectiveness  
234.8 of an expenditure.

234.9 (b) In each year following the initial review under paragraph (a), the commission must  
234.10 review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The  
234.11 commission must establish a review schedule that ensures each tax expenditure will be  
234.12 reviewed by the commission at least once every ten years. The commission may review  
234.13 expenditures affecting similar constituencies or policy areas in the same year, but the  
234.14 commission must review a subset of the tax expenditures within each tax type each year.  
234.15 To the extent possible, the commission must review a similar number of tax expenditures  
234.16 within each tax type each year. The commission may decide not to review a tax expenditure  
234.17 that is adopted by reference to federal law.

234.18 (c) Before December 1 of the year a tax expenditure is included in a commission report,  
234.19 the commission must hold a public hearing on the expenditure, including but not limited to  
234.20 a presentation of the review components in subdivision 5.

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

234.22 Sec. 3. Minnesota Statutes 2021 Supplement, section 3.8855, subdivision 5, is amended  
234.23 to read:

234.24 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission  
234.25 must at a minimum:

234.26 (1) provide an estimate of the annual revenue lost as a result of the expenditure;

234.27 (2) identify the purpose of the tax expenditure if none was identified in the enacting  
234.28 legislation or submitted to the commission in accordance with section 3.192;

234.29 (3) estimate the measurable impacts and efficiency of the tax expenditure in  
234.30 accomplishing the purpose of the expenditure;

234.31 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the  
234.32 same purpose;

235.1 (5) identify potential modifications to the tax expenditure to increase its efficiency or  
235.2 effectiveness;

235.3 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if  
235.4 the revenue lost due to the tax expenditure were applied to a rate reduction;

235.5 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the  
235.6 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

235.7 (8) consider the cumulative fiscal impacts of other state and federal taxes providing  
235.8 benefits to taxpayers for similar activities; and

235.9 (9) recommend whether the expenditure be continued, repealed, or modified.

235.10 (b) The commission may omit a component in paragraph (a) if the commission determines  
235.11 it is not feasible due to the lack of available data, third-party research, staff resources, or  
235.12 lack of a majority support for a recommendation.

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

235.14 Sec. 4. Minnesota Statutes 2021 Supplement, section 3.8855, subdivision 7, is amended  
235.15 to read:

235.16 Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must  
235.17 submit a written report to the legislative committees with jurisdiction over tax policy. The  
235.18 report must detail the results of the commission's review of tax expenditures ~~in~~ for the  
235.19 ~~previous calendar~~ year, including the review components detailed in subdivision 5.

235.20 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision  
235.21 4, the report may be limited to the purpose statements and metrics for evaluating the  
235.22 effectiveness of expenditures, as identified by the commission. The report may also include  
235.23 relevant publicly available data on an expenditure.

235.24 (c) The report may include any additional information the commission deems relevant  
235.25 to the review of an expenditure.

235.26 (d) The legislative committees with jurisdiction over tax policy must hold a public  
235.27 hearing on the report during the regular legislative session in the year following the year in  
235.28 which the report was submitted.

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

236.1 Sec. 5. Minnesota Statutes 2020, section 270C.11, is amended by adding a subdivision to  
236.2 read:

236.3 Subd. 2a. Report of expiring tax expenditures. By October 1 of each year, the  
236.4 commissioner shall provide a report to the chairs and ranking minority members of the  
236.5 house of representatives and senate committees with jurisdiction over taxation listing each  
236.6 tax expenditure that, absent legislative action, will expire before July 1 of the following  
236.7 year.

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

236.9 Sec. 6. Minnesota Statutes 2021 Supplement, section 270C.11, subdivision 4, is amended  
236.10 to read:

236.11 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

236.12 (1) the amount of tax revenue forgone;

236.13 (2) a citation of the statutory or other legal authority for the expenditure;

236.14 (3) the year in which it was enacted or the tax year in which it became effective;

236.15 (4) the purpose of the expenditure, as identified in the enacting legislation, as submitted  
236.16 to the commission in accordance with section 3.192 or as determined by the Tax Expenditure  
236.17 Review Commission;

236.18 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;  
236.19 and

236.20 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the  
236.21 expenditure were repealed.

236.22 (b) The report may contain additional information which the commissioner considers  
236.23 relevant to the legislature's consideration and review of individual tax expenditure items.

236.24 This may include but is not limited to analysis of whether the expenditure is achieving that  
236.25 objective and the effect of the expenditure on the administration of the tax system.

236.26 EFFECTIVE DATE. This section is effective for tax expenditure budgets due on or  
236.27 after November 1, 2023.

236.28 Sec. 7. Minnesota Statutes 2020, section 270C.52, subdivision 2, is amended to read:

236.29 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the  
236.30 commissioner together with interest and penalty thereon, if any, has not been paid, the

237.1 commissioner may extend the time for payment for a further period. When the authority of  
237.2 this section is invoked, the extension shall be evidenced by written agreement signed by  
237.3 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,  
237.4 if any, and providing for the payment of the amount in installments.

237.5 (b) The agreement may contain a confession of judgment for the amount and for any  
237.6 unpaid portion thereof. If the agreement contains a confession of judgment, the confession  
237.7 of judgment must provide that the commissioner may enter judgment against the taxpayer  
237.8 in the district court of the county of residence as shown upon the taxpayer's tax return for  
237.9 the unpaid portion of the amount specified in the extension agreement.

237.10 (c) The agreement shall provide that it can be terminated, after notice by the  
237.11 commissioner, if information provided by the taxpayer prior to the agreement was inaccurate  
237.12 or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a  
237.13 subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a  
237.14 payment due under the agreement, or the taxpayer has failed to pay any other tax or file a  
237.15 tax return coming due after the agreement.

237.16 (d) The notice must be given at least 14 calendar days prior to termination, and shall  
237.17 advise the taxpayer of the right to request a reconsideration from the commissioner of  
237.18 whether termination is reasonable and appropriate under the circumstances. A request for  
237.19 reconsideration does not stay collection action beyond the 14-day notice period. If the  
237.20 commissioner has reason to believe that collection of the tax covered by the agreement is  
237.21 in jeopardy, the commissioner may proceed under section 270C.36 and terminate the  
237.22 agreement without regard to the 14-day period.

237.23 (e) The commissioner may accept other collateral the commissioner considers appropriate  
237.24 to secure satisfaction of the tax liability. The principal sum specified in the agreement shall  
237.25 bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the  
237.26 same has been fully paid or the unpaid portion thereof has been entered as a judgment. The  
237.27 judgment shall bear interest at the rate specified in section 270C.40.

237.28 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of  
237.29 the amount actually owing by the taxpayer, the extension agreement or the judgment entered  
237.30 pursuant thereto shall be corrected. If after making the extension agreement or entering  
237.31 judgment with respect thereto, the commissioner determines that the tax as reported by the  
237.32 taxpayer is less than the amount actually due, the commissioner shall assess a further tax  
237.33 in accordance with the provisions of law applicable to the tax.

238.1 (g) The authority granted to the commissioner by this section is in addition to any other  
238.2 authority granted to the commissioner by law to extend the time of payment or the time for  
238.3 filing a return and shall not be construed in limitation thereof.

238.4 ~~(h) The commissioner shall charge a fee for entering into payment agreements. The fee~~  
238.5 ~~is set at \$50 and is charged for entering into a payment agreement, for entering into a new~~  
238.6 ~~payment agreement after the taxpayer has defaulted on a prior agreement, and for entering~~  
238.7 ~~into a new payment agreement as a result of renegotiation of the terms of an existing~~  
238.8 ~~agreement. The fee is paid to the commissioner before the payment agreement becomes~~  
238.9 ~~effective and does not reduce the amount of the liability.~~

238.10 **EFFECTIVE DATE.** This section is effective for requests for payment agreements  
238.11 entered into after June 24, 2022.

238.12 Sec. 8. Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20, is amended  
238.13 to read:

238.14 Subd. 20. **Miscellaneous withholding arrangements.** (a) For purposes of this section,  
238.15 any payment or distribution to an individual as defined under section 3405(e)(2) or (3) of  
238.16 the Internal Revenue Code shall be ~~treated as if it were a payment of wages by an employer~~  
238.17 ~~to an employee for a payroll period~~ subject to withholding at a rate of 6.25 percent, or any  
238.18 rate specified by the recipient. Any payment to an individual of sick pay which does not  
238.19 constitute wages, determined without regard to this subdivision, shall be treated as if it were  
238.20 a payment of wages by an employer to an employee for a payroll period, if, at the time the  
238.21 payment is made a request that such sick pay be subject to withholding under this section  
238.22 is in effect. Sick pay means any amount which:

238.23 (1) is paid to an employee pursuant to a plan to which the employer is a party, and

238.24 (2) constitutes remuneration or a payment in lieu of remuneration for any period during  
238.25 which the employee is temporarily absent from work on account of sickness or personal  
238.26 injuries.

238.27 (b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain  
238.28 collective bargaining agreements shall conform with the provisions of section 3402(o)(3),  
238.29 (4), and (5) of the Internal Revenue Code.

238.30 (c) The commissioner is authorized by rules to provide for withholding:

238.31 (1) from remuneration for services performed by an employee for the employer which,  
238.32 without regard to this subdivision, does not constitute wages, and

239.1 (2) from any other type of payment with respect to which the commissioner finds that  
 239.2 withholding would be appropriate under the provisions of this section, if the employer and  
 239.3 the employee, or in the case of any other type of payment the person making and the person  
 239.4 receiving the payment, agree to such withholding. Such agreement shall be made in such  
 239.5 form and manner as the commissioner may by rules provide. For purposes of this section  
 239.6 remuneration or other payments with respect to which such agreement is made shall be  
 239.7 treated as if they were wages paid by an employer to an employee to the extent that such  
 239.8 remuneration is paid or other payments are made during the period for which the agreement  
 239.9 is in effect.

239.10 (d) An individual receiving a payment or distribution under paragraph (a) may elect to  
 239.11 have paragraph (a) not apply to the payment or distribution ~~as follows~~.

239.12 ~~(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, and~~  
 239.13 ~~an election remains in effect until revoked by such individual.~~

239.14 ~~(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the~~  
 239.15 ~~election is on a distribution-by-distribution basis.~~

239.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 239.17 31, 2021.

239.18 Sec. 9. Minnesota Statutes 2020, section 290A.04, subdivision 2, is amended to read:

239.19 Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes  
 239.20 payable are in excess of the percentage of the household income stated below shall pay an  
 239.21 amount equal to the percent of income shown for the appropriate household income level  
 239.22 along with the percent to be paid by the claimant of the remaining amount of property taxes  
 239.23 payable. The state refund equals the amount of property taxes payable that remain, up to  
 239.24 the state refund amount shown below.

239.25			Percent Paid by	Maximum
239.26			Claimant	State
239.27	Household Income	Percent of Income		Refund
239.28	<del>\$0 to 1,739</del>			<del>2,770</del>
239.29	<u>\$0 to \$1,939</u>	1.0 percent	15 percent	\$ <u>3,290</u>
239.30	<del>1,740 to 3,459</del>			<del>2,770</del>
239.31	<u>\$1,940 to \$3,859</u>	1.1 percent	15 percent	\$ <u>3,290</u>
239.32	<del>3,460 to 5,239</del>			<del>2,770</del>
239.33	<u>\$3,860 to \$5,849</u>	1.2 percent	15 percent	\$ <u>3,290</u>
239.34	<del>5,240 to 6,989</del>			<del>2,770</del>
239.35	<u>\$5,850 to \$7,799</u>	1.3 percent	20 percent	\$ <u>3,290</u>

240.1	<del>6,990 to 8,719</del>			<del>2,770</del>
240.2	<u>\$7,800 to \$9,729</u>	1.4 percent	20 percent	\$ <u>3,290</u>
240.3	<del>8,720 to 12,219</del>			<del>2,770</del>
240.4	<u>\$9,730 to \$13,639</u>	1.5 percent	20 percent	\$ <u>3,290</u>
240.5	<del>12,220 to 13,949</del>			<del>2,770</del>
240.6	<u>\$13,640 to \$15,569</u>	1.6 percent	20 percent	\$ <u>3,290</u>
240.7	<del>13,950 to 15,709</del>			<del>2,770</del>
240.8	<u>\$15,570 to \$17,529</u>	1.7 percent	20 percent	\$ <u>3,290</u>
240.9	<del>15,710 to 17,449</del>			<del>2,770</del>
240.10	<u>\$17,530 to \$19,479</u>	1.8 percent	20 percent	\$ <u>3,290</u>
240.11	<del>17,450 to 19,179</del>			<del>2,770</del>
240.12	<u>\$19,480 to \$21,409</u>	1.9 percent	25 percent	\$ <u>3,290</u>
240.13	<del>19,180 to 24,429</del>	<del>2.0 percent</del>		<del>2,770</del>
240.14	<u>\$21,410 to \$27,269</u>	<u>1.9 percent</u>	25 percent	\$ <u>3,290</u>
240.15	<del>24,430 to 26,169</del>	<del>2.0 percent</del>		<del>2,770</del>
240.16	<u>\$27,270 to \$29,209</u>	<u>1.9 percent</u>	30 percent	\$ <u>3,290</u>
240.17	<del>26,170 to 29,669</del>	<del>2.0 percent</del>		<del>2,770</del>
240.18	<u>\$29,210 to \$33,119</u>	<u>1.9 percent</u>	30 percent	\$ <u>3,290</u>
240.19	<del>29,670 to 41,859</del>		<del>35 percent</del>	<del>2,770</del>
240.20	<u>\$33,120 to \$46,719</u>	2.0 percent	<u>30 percent</u>	\$ <u>3,290</u>
240.21	<del>41,860 to 61,049</del>		<del>35 percent</del>	<del>2,240</del>
240.22	<u>\$46,720 to \$68,139</u>	2.0 percent	<u>30 percent</u>	\$ <u>2,700</u>
240.23	<del>61,050 to 69,769</del>		<del>40 percent</del>	<del>1,960</del>
240.24	<u>\$68,140 to \$77,869</u>	2.0 percent	<u>35 percent</u>	\$ <u>2,390</u>
240.25	<del>69,770 to 78,499</del>			<del>1,620</del>
240.26	<u>\$77,870 to \$87,619</u>	2.1 percent	40 percent	\$ <u>2,010</u>
240.27	<del>78,500 to 87,219</del>			<del>1,450</del>
240.28	<u>\$87,620 to \$97,349</u>	2.2 percent	40 percent	\$ <u>1,820</u>
240.29	<del>87,220 to 95,939</del>			<del>1,270</del>
240.30	<u>\$97,350 to \$107,079</u>	2.3 percent	40 percent	\$ <u>1,620</u>
240.31	<del>95,940 to 101,179</del>			<del>1,070</del>
240.32	<u>\$107,080 to \$112,929</u>	2.4 percent	45 percent	\$ <u>1,390</u>
240.33	<del>101,180 to 104,689</del>			<del>890</del>
240.34	<u>\$112,930 to \$116,849</u>	2.5 percent	45 percent	\$ <u>1,190</u>
240.35	<del>104,690 to 108,919</del>			<del>730</del>
240.36	<u>\$116,850 to \$121,569</u>	2.5 percent	50 percent	\$ <u>1,010</u>
240.37	<del>108,920 to 113,149</del>			<del>540</del>
240.38	<u>\$121,570 to \$126,289</u>	2.5 percent	50 percent	\$ <u>800</u>

240.39 The payment made to a claimant shall be the amount of the state refund calculated under  
 240.40 this subdivision. No payment is allowed if the claimant's household income is ~~\$113,150~~  
 240.41 \$126,290 or more.

240.42 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable  
 240.43 in 2023 and following years.



241.1 Sec. 10. Minnesota Statutes 2020, section 290A.04, subdivision 2h, is amended to read:

241.2 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead  
241.3 increase more than ~~12~~ ten percent over the property taxes payable in the prior year on the  
241.4 same property that is owned and occupied by the same owner on January 2 of both years,  
241.5 and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be  
241.6 allowed an additional refund equal to 60 percent of the amount of the increase over the  
241.7 greater of ~~12~~ ten percent of the prior year's property taxes payable or \$100. This subdivision  
241.8 shall not apply to any increase in the gross property taxes payable attributable to  
241.9 improvements made to the homestead after the assessment date for the prior year's taxes.  
241.10 This subdivision shall not apply to any increase in the gross property taxes payable  
241.11 attributable to the termination of valuation exclusions under section 273.11, subdivision  
241.12 16.

241.13 The maximum refund allowed under this subdivision is ~~\$1,000~~ \$2,000.

241.14 (b) For purposes of this subdivision "gross property taxes payable" means property taxes  
241.15 payable determined without regard to the refund allowed under this subdivision.

241.16 (c) In addition to the other proofs required by this chapter, each claimant under this  
241.17 subdivision shall file with the property tax refund return a copy of the property tax statement  
241.18 for taxes payable in the preceding year or other documents required by the commissioner.

241.19 (d) Upon request, the appropriate county official shall make available the names and  
241.20 addresses of the property taxpayers who may be eligible for the additional property tax  
241.21 refund under this section. The information shall be provided on a magnetic computer disk.  
241.22 The county may recover its costs by charging the person requesting the information the  
241.23 reasonable cost for preparing the data. The information may not be used for any purpose  
241.24 other than for notifying the homeowner of potential eligibility and assisting the homeowner,  
241.25 without charge, in preparing a refund claim.

241.26 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable  
241.27 in 2023 and thereafter.

241.28 Sec. 11. Minnesota Statutes 2020, section 290A.04, subdivision 4, is amended to read:

241.29 Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar  
241.30 amounts of the income thresholds and the maximum refunds under ~~subdivisions 2 and 2a~~  
241.31 subdivision 2 as provided in section 270C.22. The statutory year is ~~2018~~ 2022.

241.32 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable  
241.33 in 2024 and following years.

242.1 Sec. 12. Minnesota Statutes 2021 Supplement, section 297E.02, subdivision 3, is amended  
242.2 to read:

242.3 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable  
242.4 to the commissioner when the gambling tax return is required to be filed. Distributors must  
242.5 file their monthly sales figures with the commissioner on a form prescribed by the  
242.6 commissioner. Returns covering the taxes imposed under this section must be filed with  
242.7 the commissioner on or before the 20th day of the month following the close of the previous  
242.8 calendar month. The commissioner shall prescribe the content, format, and manner of returns  
242.9 or other documents pursuant to section 270C.30. The proceeds, along with the revenue  
242.10 received from all license fees and other fees under sections 349.11 to 349.191, 349.211,  
242.11 and 349.213, must be paid to the commissioner of management and budget for deposit in  
242.12 the general fund.

242.13 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the  
242.14 distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by  
242.15 the organization is exempt from taxes imposed by chapter 297A and is exempt from all  
242.16 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

242.17 (c)(1) One-half of one percent of the revenue deposited in the general fund under  
242.18 paragraph (a), is appropriated to the commissioner of human services for the compulsive  
242.19 gambling treatment program established under section 245.98. One-half of one percent of  
242.20 the revenue deposited in the general fund under paragraph (a), is appropriated to the  
242.21 commissioner of human services for a grant to the state affiliate recognized by the National  
242.22 Council on Problem Gambling to increase public awareness of problem gambling, education  
242.23 and training for individuals and organizations providing effective treatment services to  
242.24 problem gamblers and their families, and research relating to problem gambling. Money  
242.25 appropriated by this paragraph must supplement and must not replace existing state funding  
242.26 for these programs.

242.27 (2) For fiscal years 2024 and 2025 only, the appropriations under clause (1) must not  
242.28 be less than the amounts estimated for those appropriations for fiscal years 2024 and 2025  
242.29 under the February 2022 budget and economic forecast.

242.30 (d) The commissioner of human services must provide to the state affiliate recognized  
242.31 by the National Council on Problem Gambling a monthly statement of the amounts deposited  
242.32 under paragraph (c). Beginning January 1, 2022, the commissioner of human services must  
242.33 provide to the chairs and ranking minority members of the legislative committees with  
242.34 jurisdiction over treatment for problem gambling and to the state affiliate recognized by the

243.1 National Council on Problem Gambling an annual reconciliation of the amounts deposited  
 243.2 under paragraph (c). The annual reconciliation under this paragraph must include the amount  
 243.3 allocated to the commissioner of human services for the compulsive gambling treatment  
 243.4 program established under section 245.98, and the amount allocated to the state affiliate  
 243.5 recognized by the National Council on Problem Gambling.

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

243.7 Sec. 13. Minnesota Statutes 2020, section 297E.02, subdivision 6, is amended to read:

243.8 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under  
 243.9 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used  
 243.10 in this section, "combined net receipts" is the sum of the organization's gross receipts from  
 243.11 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,  
 243.12 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes  
 243.13 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for  
 243.14 the fiscal year. The combined net receipts of an organization are subject to a tax computed  
 243.15 according to the following schedule:

243.16	If the combined net receipts	The tax is:
243.17	for the fiscal year are:	
243.18	Not over <del>\$87,500</del> <u>\$100,000</u>	<del>nine</del> <u>five</u> percent
243.19	Over <del>\$87,500</del> <u>\$100,000</u> , but	<del>\$7,875</del> <u>\$5,000</u> plus 18 percent of the
243.20	not over \$122,500	amount over <del>\$87,500</del> <u>\$100,000</u> , but
243.21		not over \$122,500
243.22	Over \$122,500, but not	<del>\$14,175</del> <u>\$9,050</u> plus 27 percent of the
243.23	over \$157,500	amount over \$122,500, but not over
243.24		\$157,500
243.25	Over \$157,500	<del>\$23,625</del> <u>\$18,500</u> plus 36 percent of
243.26		the amount over \$157,500

243.27 (b) Gross receipts derived from sports-themed tipboards are exempt from taxation under  
 243.28 this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed  
 243.29 tipboard as defined in section 349.12, subdivision 34, under which the winning numbers  
 243.30 are determined by the numerical outcome of a professional sporting event.

243.31 **EFFECTIVE DATE.** This section is effective for games reported as played after June  
 243.32 30, 2023.

243.33 Sec. 14. Minnesota Statutes 2020, section 297E.021, subdivision 2, is amended to read:

243.34 Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the  
 243.35 commissioner of management and budget, in consultation with the commissioner, shall

244.1 determine the estimated increase in revenues received from taxes imposed under this chapter  
 244.2 over ~~the estimated revenues under the February 2012 state budget forecast for that fiscal~~  
 244.3 ~~year. For fiscal years after fiscal year 2015, the commissioner of management and budget~~  
 244.4 ~~shall use the February 2012 state budget forecast for fiscal year 2015 as the~~ a baseline of:  
 244.5 (1) \$30,100,000 in fiscal year 2024; and (2) \$29,200,000 in fiscal year 2025 and thereafter.  
 244.6 All calculations under this subdivision must be made net of estimated refunds of the taxes  
 244.7 required to be paid.

244.8 **EFFECTIVE DATE.** This section is effective for fiscal year 2024 and thereafter.

244.9 Sec. 15. Minnesota Statutes 2020, section 297H.13, subdivision 2, is amended to read:

244.10 Subd. 2. **Allocation of revenues.** (a) ~~\$33,760,000, or 70 percent, whichever is greater,~~  
 244.11 Of the amounts remitted under this chapter, 73 percent in fiscal year 2023 and thereafter  
 244.12 must be credited to the environmental fund established in section 16A.531, subdivision 1.

244.13 (b) The remainder must be deposited into the general fund.

244.14 (c) Beginning in fiscal year 2023 and continuing each year thereafter, the difference  
 244.15 between the amount deposited in the environmental fund under paragraph (a) and the amount  
 244.16 that would have been deposited under paragraph (a) before being amended by this act is  
 244.17 appropriated from the environmental fund to the commissioner of the Pollution Control  
 244.18 Agency for distribution to counties under section 115A.557, and must be expended by  
 244.19 counties on activities listed in section 115A.557, subdivision 2, paragraph (a), clauses (1)  
 244.20 to (7) and (9) to (11).

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

244.22 Sec. 16. Minnesota Statutes 2020, section 298.28, subdivision 5, is amended to read:

244.23 Subd. 5. **Counties.** (a) ~~21.05 cents per taxable ton for distributions in 2015 through 2023,~~  
 244.24 ~~and 26.05 cents per taxable ton for distributions beginning in 2024,~~ is allocated to counties  
 244.25 to be distributed, based upon certification by the commissioner of revenue, under paragraphs  
 244.26 (b) to (d).

244.27 (b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite  
 244.28 is mined or quarried or in which the concentrate is produced, less any amount which is to  
 244.29 be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision  
 244.30 2 is the basis for the distribution.

244.31 (c) 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b)  
 244.32 shall be paid to a county that received a distribution under this section in 2000 because there

245.1 was located in the county an electric power plant owned by and providing the primary source  
245.2 of power for a taxpayer mining and concentrating taconite in a different county.

245.3 (d) ~~10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents~~  
245.4 ~~per taxable ton for distributions beginning in 2024~~, shall be paid to the county from which  
245.5 the taconite was mined, quarried or concentrated to be deposited in the county road and  
245.6 bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those  
245.7 processes are carried on in more than one county, the commissioner shall follow the  
245.8 apportionment formula prescribed in subdivision 2.

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

245.10 Sec. 17. Minnesota Statutes 2020, section 298.28, subdivision 7a, is amended to read:

245.11 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**  
245.12 **account.** (a) The following amounts must be allocated to the commissioner of Iron Range  
245.13 resources and rehabilitation to be deposited in the Iron Range school consolidation and  
245.14 cooperatively operated school account that is hereby created:

245.15 (1)(i) for distributions in 2015 through ~~2023~~ 2043, ten cents per taxable ton of the tax  
245.16 imposed under section 298.24; and

245.17 (ii) for distributions beginning in ~~2024~~ 2044, five cents per taxable ton of the tax imposed  
245.18 under section 298.24;

245.19 (2) the amount as determined under section 298.17, paragraph (b), clause (3); and

245.20 (3) any other amount as provided by law.

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

245.29 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for  
245.30 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset  
245.31 any reduction in debt service equalization aid that the school district qualifies for in that

246.1 year, under section 123B.53, subdivision 6, compared with the amount the school district  
246.2 qualified for in fiscal year 2018.

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

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

246.7 Sec. 18. Minnesota Statutes 2020, section 298.28, subdivision 9b, is amended to read:

246.8 Subd. 9b. **Taconite environmental fund.** Five cents per ton through distributions in  
246.9 2043 must be paid to the taconite environmental fund for use under section 298.2961,  
246.10 subdivision 4. Beginning with distributions in 2044, ten cents per ton must be paid to the  
246.11 taconite environmental fund of which five cents per ton must be used as provided under  
246.12 section 298.2961, subdivision 4.

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

246.14 Sec. 19. Minnesota Statutes 2020, section 462A.38, is amended to read:

246.15 **462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP**  
246.16 **DEVELOPMENT PROGRAM.**

246.17 Subdivision 1. **Establishment.** A workforce and affordable homeownership development  
246.18 program is established to award homeownership development grants and loans to cities,  
246.19 counties, Tribal governments, nonprofit organizations, cooperatives created under chapter  
246.20 308A or 308B, and community land trusts created for the purposes outlined in section  
246.21 462A.31, subdivision 1, for development of workforce and affordable homeownership  
246.22 projects. The purpose of the program is to increase the supply of workforce and affordable,  
246.23 owner-occupied multifamily or single-family housing throughout Minnesota.

246.24 Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be  
246.25 used for:

246.26 (1) development costs;

246.27 (2) rehabilitation;

246.28 (3) land development; and

246.29 (4) residential housing, including storm shelters and related community facilities.

247.1 (b) A project funded through ~~the grant~~ this program shall serve households that meet  
247.2 the income limits as provided in section 462A.33, subdivision 5, unless a project is intended  
247.3 for the purpose outlined in section 462A.02, subdivision 6.

247.4 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting  
247.5 and reviewing applications for grants and loans under this section. The commissioner shall  
247.6 consult with interested stakeholders when developing the guidelines and procedures for the  
247.7 program. In making grants and loans, the commissioner shall establish semiannual application  
247.8 deadlines in which grants and loans will be authorized from all or part of the available  
247.9 appropriations.

247.10 Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must  
247.11 be given to proposals that include contributions from nonstate resources for the greatest  
247.12 portion of the total development cost.

247.13 Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in  
247.14 approximately equal amounts to applicants outside and within the metropolitan area, as  
247.15 defined in section 473.121, subdivision 2.

247.16 Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2023, the commissioner must annually  
247.17 submit a report to the chairs and ranking minority members of the senate and house of  
247.18 representatives committees having jurisdiction over housing and workforce development  
247.19 specifying the projects that received grants and loans under this section, the amount of each  
247.20 grant or loan, and the specific purposes for which the grant or loan funds were used. The  
247.21 report must summarize the number of projects, number of new units created, and number  
247.22 of units rehabilitated, by county. The report must indicate the sum of the repaid loan amounts  
247.23 for the most recent reporting period and describe how the agency used the funds from repaid  
247.24 loans.

247.25 Subd. 7. **Workforce and affordable homeownership development account.** A  
247.26 workforce and affordable homeownership development account is established in the housing  
247.27 development fund. Money in the account, including interest, is appropriated to the  
247.28 commissioner of the Housing Finance Agency for the purposes of this section. The amount  
247.29 appropriated under this section must supplement traditional sources of funding for this  
247.30 purpose and must not be used as a substitute or to pay debt service on bonds.

247.31 Subd. 8. **Deposits; funding amount.** (a) In fiscal years 2023 to 2030, an amount equal  
247.32 to \$7,500,000 of the state's portion of the proceeds derived from the mortgage registry tax  
247.33 imposed under section 287.035 and the deed tax imposed under section 287.21 is appropriated  
247.34 from the general fund to the commissioner of the Housing Finance Agency to transfer to

248.1 the housing development fund for deposit into the workforce and affordable homeownership  
248.2 development account. The appropriation must be made annually by September 15.

248.3 (b) All loan repayments received under this section are to be deposited into the workforce  
248.4 and affordable homeownership development account in the housing development fund.

248.5 (c) This subdivision expires September 16, 2029.

248.6 **EFFECTIVE DATE.** This section is effective July 1, 2022.

248.7 **Sec. 20. POLAR VORTEX RESPONSE; ENERGY REBATE GRANTS.**

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

248.10 (b) "Commissioner" means the commissioner of the Department of Commerce.

248.11 (c) "Critical period" means the period beginning February 12, 2021, and ending February  
248.12 17, 2021.

248.13 (d) "Customer" means a person in Minnesota who purchased natural gas during the  
248.14 critical period from a utility.

248.15 (e) "Impacted volume" means the volume of natural gas a utility purchased for immediate  
248.16 delivery in Minnesota during the critical period.

248.17 (f) "Incremental cost" means the incremental cost of natural gas purchased during the  
248.18 critical period, calculated by multiplying the utility's incremental price by its impacted  
248.19 volume.

248.20 (g) "Incremental price" means the average unit price a utility paid for natural gas  
248.21 purchased for immediate delivery during the critical period, minus the average natural gas  
248.22 unit price for wholesale natural gas the utility paid during the period between February 5,  
248.23 2021, and February 10, 2021.

248.24 (h) "Utility" means a nonprofit municipal utility established under Minnesota Statutes,  
248.25 chapter 412, that: (1) is owned by the city to which it provides service; and (2) sells natural  
248.26 gas to retail customers in Minnesota.

248.27 Subd. 2. **Energy rebate grants.** (a) A utility that charged customers part or all of the  
248.28 incremental cost for wholesale natural gas purchased during the critical period may apply  
248.29 to the commissioner for an energy rebate grant equal to the amount of incremental costs  
248.30 charged to all its customers. A utility must apply to the commissioner for a grant in a form



249.1 and manner prescribed by the commissioner and, as requested by the commissioner, must  
249.2 submit evidence supporting the grant request amount.

249.3 (b) No later than September 15, 2022, the commissioner of commerce must distribute  
249.4 energy rebate grants to utilities. If appropriations under this section are insufficient to pay  
249.5 grants equal to the total amount requested, the commissioner must prorate grant amounts  
249.6 in a manner determined by the commissioner.

249.7 Subd. 3. **Calculation of energy rebates; use of grants.** (a) No later than July 1, 2022,  
249.8 a utility requesting a grant under subdivision 2 must calculate for each customer the  
249.9 incremental price multiplied by the volume of natural gas consumed by the customer.

249.10 (b) A utility must use grant funds received under subdivision 2 to provide rebates to all  
249.11 existing customers for incremental energy costs that were charged to customers, if any. If  
249.12 a utility's energy grant is insufficient to provide rebates equal to the total amount of  
249.13 incremental costs charged to customers, the utility must prorate the rebate for each customer  
249.14 based on the amount of incremental costs charged to the customer.

249.15 (c) By December 31, 2022, a utility must return to the commissioner of commerce any  
249.16 grant amounts that were not distributed as rebates under paragraph (b). Any returned amounts  
249.17 cancel to the general fund.

249.18 Subd. 4. **Appropriation.** \$14,700,000 in fiscal year 2023 is appropriated from the general  
249.19 fund to the commissioner of commerce for the purpose of issuing energy rebate grants under  
249.20 subdivision 2. This is a onetime appropriation. Any unexpended funds remaining on  
249.21 December 31, 2022, cancel to the general fund.

249.22 Sec. 21. **CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.**

249.23 The city of Virginia may finance the construction of a public safety building in the city  
249.24 of Virginia by obtaining a loan from the United States Department of Agriculture secured  
249.25 by its general obligation pledge. Any bonds issued relating to this construction project or  
249.26 repayment of the loan must not be included in the computation of the city's limit on net debt  
249.27 under Minnesota Statutes, section 475.53, subdivision 1.

249.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
249.29 city of Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
249.30 subdivisions 2 and 3.

250.1 **Sec. 22. INDEPENDENT SCHOOL DISTRICT NO. 696, ELY; BONDS.**

250.2 **Subdivision 1. Authorization.** Independent School District No. 696, Ely, may issue  
250.3 bonds in an aggregate principal amount not exceeding \$9,500,000, in addition to any bonds  
250.4 already issued or authorized, to provide funds to construct, equip, furnish, remodel,  
250.5 rehabilitate, and acquire land for school facilities and buildings. The district may spend the  
250.6 proceeds of the bond sale for those purposes and any architectural, engineering, and legal  
250.7 fees incidental to those purposes or the sale. Bonds may be issued under this section without  
250.8 a referendum. Except as permitted by this section, the bonds shall be authorized, issued,  
250.9 sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475.  
250.10 An election on the question of issuing the bonds is not required. A resolution of the board  
250.11 levying taxes for the payment of principal and interest on the bonds as authorized by this  
250.12 section and pledging the proceeds of the levies for the payment of principal and interest on  
250.13 the bonds shall be deemed to be in compliance with the provisions of Minnesota Statutes,  
250.14 chapter 475, with respect to the levying of taxes for their payment.

250.15 **Subd. 2. Levy limitations.** Taxes levied pursuant to this section shall be disregarded in  
250.16 the calculation of any other tax levies or limits on tax levies provided by other law.

250.17 **Subd. 3. Bonding limitations.** Bonds may be issued under authority of this section  
250.18 notwithstanding any limitations upon the indebtedness of a district, and their amounts shall  
250.19 not be included in computing the indebtedness of a district for any purpose, including the  
250.20 issuance of subsequent bonds and the incurring of subsequent indebtedness.

250.21 **Subd. 4. Local approval required.** This section is effective for Independent School  
250.22 District No. 696, Ely, the day after its governing body complies with Minnesota Statutes,  
250.23 section 645.021, subdivision 3.

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

250.25 **Sec. 23. COOK AND LAKE COUNTY PROPERTY TAX REFUNDS; CALENDAR**  
250.26 **YEAR 2022.**

250.27 **Subdivision 1. Definitions.** (a) Unless otherwise indicated, the definitions under  
250.28 Minnesota Statutes, section 276A.01, apply to this section.

250.29 (b) "Areawide tax rate" means the areawide tax rate determined under Minnesota Statutes,  
250.30 section 276A.06, subdivision 5.

250.31 (c) "Contribution percentage" means the proportion of the net tax capacity of a property  
250.32 that is subject to the areawide tax rate.

251.1 (d) "Eligible county" means Cook County or Lake County.

251.2 (e) "Eligible property" means a commercial-industrial property located in an eligible  
251.3 county.

251.4 Subd. 2. **Refund amount.** (a) The refund amount for each eligible property equals the  
251.5 greater of zero or the result of the following calculation:

251.6 (1) the total property tax payable for the property in calendar year 2022; minus

251.7 (2) the total property tax payable for the property in calendar year 2022 computed as if  
251.8 the contribution percentage applicable to the property for taxes payable in 2022 were equal  
251.9 to the contribution percentage applicable to commercial-industrial property in that  
251.10 municipality for taxes payable in 2020; minus

251.11 (3) ten percent of the total property tax payable for the property in calendar year 2022.

251.12 (b) For the purposes of this subdivision, "total property tax" does not include amounts  
251.13 attributable to special assessments. For a property that is split-classified, total property tax  
251.14 means the tax attributable to the portion of the property classified as commercial-industrial.  
251.15 Only the portion of a property classified as commercial-industrial is eligible for a refund  
251.16 under this section.

251.17 Subd. 3. **Administration of refunds.** (a) No later than September 1, 2022, the auditor  
251.18 of each eligible county must calculate the refund amount under subdivision 2 for each  
251.19 eligible property in that county. The auditor must certify the refund amounts for each taxpayer  
251.20 in the county to the county treasurer and to the commissioner of revenue, in the form and  
251.21 manner determined by the commissioner.

251.22 (b) No later than October 1, 2022, the commissioner of revenue must pay each eligible  
251.23 county an amount equal to the total amount of refunds certified for that county under  
251.24 paragraph (a).

251.25 (c) No later than November 1, 2022, the treasurer of each eligible county must issue a  
251.26 refund of the amounts certified for each eligible property under paragraph (a) to taxpayers  
251.27 in that county.

251.28 (d) Notwithstanding paragraphs (b) and (c), if the appropriation is insufficient to pay  
251.29 the full amount of the refunds calculated and certified under paragraph (a), the commissioner  
251.30 of revenue must recalculate prorated refund amounts for each eligible property and the  
251.31 refund issued to taxpayers in each county must be the prorated amount.

252.1 Subd. 4. **Appropriation.** A sum sufficient to make the payments required of the  
252.2 commissioner of revenue under this section, not to exceed \$2,000,000, is appropriated in  
252.3 fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime  
252.4 appropriation.

252.5 **EFFECTIVE DATE.** This section is effective July 1, 2022.

252.6 Sec. 24. **COUNTY PANDEMIC COMMUNITY RELIEF AID; APPROPRIATION.**

252.7 Subdivision 1. **Appropriation.** \$20,000,000 in fiscal year 2023 is appropriated from  
252.8 the general fund to the commissioner of revenue for payments to counties to provide rental  
252.9 assistance under this section. This is a onetime appropriation. After June 30, 2023, a county  
252.10 must return any unspent funds to the commissioner of revenue, and any amounts returned  
252.11 cancel to the general fund.

252.12 Subd. 2. **Rental assistance payments.** (a) From the amount available under subdivision  
252.13 1, each county shall be issued a payment equal to the product of the amount available under  
252.14 subdivision 1, multiplied by the number of rent-burdened households in the county, divided  
252.15 by the number of rent-burdened households in the state. The number of rent-burdened  
252.16 households shall be determined using the 2020 experimental estimates provided by the  
252.17 American Community Survey of the United States Census Bureau.

252.18 (b) For the purposes of this subdivision, the following terms have the meanings given:

252.19 (1) "eligible household" means a household in which household income is at or below  
252.20 50 percent of area median income, as adjusted for household size;

252.21 (2) "rent-burdened household" means a household in which gross rent is 30 percent or  
252.22 more of household income; and

252.23 (3) "rental assistance" means payments for:

252.24 (i) rent;

252.25 (ii) rental arrears;

252.26 (iii) utilities and home energy costs;

252.27 (iv) utilities and home energy costs arrears; and

252.28 (v) other expenses related to housing incurred due, directly or indirectly, to the novel  
252.29 coronavirus disease COVID-19 outbreak.

252.30 (c) Except as provided in paragraph (d), aid received under this subdivision must be  
252.31 used to provide rental assistance to eligible households.

253.1 (d) A county receiving a payment under this subdivision may use the greater of \$6,250  
253.2 or 2.5 percent of the total amount received under this subdivision for administrative costs  
253.3 attributable to providing rental assistance.

253.4 (e) A county receiving aid under this subdivision may distribute the aid to a community  
253.5 action agency or a nonprofit to provide rental assistance to eligible households.

253.6 **Sec. 25. PAYMENT AGREEMENT FEE, INTEREST, AND PENALTY.**

253.7 For a tax order issued by the commissioner of revenue for underpayment of individual  
253.8 income tax resulting from the miscalculation of the standard deduction under Minnesota  
253.9 Statutes, section 290.0123, subdivision 5, for taxable years beginning after December 31,  
253.10 2018, and before January 1, 2021, notwithstanding the terms of payment in the tax order,  
253.11 the following provisions apply:

253.12 (1) the commissioner must not take enforced collection actions to collect the  
253.13 underpayment until after 12 months from the date of the tax order;

253.14 (2) if a taxpayer enters into a payment agreement under Minnesota Statutes, section  
253.15 270C.52, subdivision 2, to pay the amount of the underpayment, the commissioner must  
253.16 return the \$50 fee charged under Minnesota Statutes, section 270C.52, subdivision 2,  
253.17 paragraph (h); and

253.18 (3) the provisions of Minnesota Statutes, sections 289A.55 and 289A.60, do not apply  
253.19 until after 12 months from the date of the tax order.

253.20 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
253.21 clause (2) is effective for payment agreements for the underpayment entered into after April  
253.22 24, 2022.

253.23 **Sec. 26. ADMINISTRATIVE APPROPRIATION; DEPARTMENT OF REVENUE.**

253.24 \$2,500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner  
253.25 of revenue to administer this act. This is a onetime appropriation and is available until June  
253.26 30, 2023. Any unused balance cancels to the general fund. The base amount in fiscal year  
253.27 2024 is \$2,500,000 and the base amount in fiscal year 2025 and thereafter is \$0.

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

253.29 **Sec. 27. ADMINISTRATIVE APPROPRIATION; HOUSING FINANCE.**

253.30 \$150,000 in fiscal year 2023 is appropriated from the general fund to the commissioner  
253.31 of housing finance to administer the affordable housing market value exclusion program in

254.1 Minnesota Statutes, section 273.129. This appropriation is in addition to any other  
 254.2 appropriation for this purpose. This is a onetime appropriation and is not added to the base.

254.3 **ARTICLE 11**

254.4 **DEPARTMENT OF REVENUE - SALES AND USE TAXES AND SPECIAL TAXES**

254.5 Section 1. Minnesota Statutes 2020, section 296A.083, subdivision 3, is amended to read:

254.6 Subd. 3. **Surcharge rate.** (a) By ~~July 16, 2008, and each April 1 thereafter~~ May 1 each  
 254.7 year, the commissioner of revenue shall calculate and publish a surcharge as provided in  
 254.8 ~~paragraphs~~ paragraph (b) and (c). The surcharge is imposed ~~from August 1, 2008, through~~  
 254.9 ~~June 30, 2009, and each new surcharge thereafter is imposed the following~~ beginning July  
 254.10 1 of the year it is published through June 30 of the following year.

254.11 ~~(b) For fiscal years 2009 through 2012, the commissioner shall set the surcharge as~~  
 254.12 ~~specified in the following surcharge rate schedule.~~

254.13 **Surcharge Rate Schedule**

254.14 Fiscal Year	254.14 Rate (in cents per gallon)
254.15 2009	254.15 0.5
254.16 2010	254.16 2.1
254.17 2011	254.17 2.5
254.18 2012	254.18 3.0

254.19 ~~(c) For fiscal year 2013 and thereafter,~~ (b) The commissioner shall set the surcharge at  
 254.20 the lesser of (1) 3.5 cents, or (2) an amount calculated so that the total proceeds from the  
 254.21 surcharge deposited in the trunk highway fund from fiscal year 2009 to the upcoming fiscal  
 254.22 year equals the total amount of debt service from fiscal years 2009 to 2039, and the surcharge  
 254.23 is rounded to the nearest 0.1 cent.

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

254.25 Sec. 2. Minnesota Statutes 2020, section 297A.61, subdivision 29, is amended to read:

254.26 Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the  
 254.27 United States, ~~the Commonwealth of Puerto Rico, and the District of Columbia, and any~~  
 254.28 territory of the United States, including American Samoa, Guam, Northern Mariana Islands,  
 254.29 Puerto Rico, and the U.S. Virgin Islands.

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

255.1 **ARTICLE 12**

255.2 **DEPARTMENT OF REVENUE - FIRE AND POLICE STATE AIDS**

255.3 Section 1. Minnesota Statutes 2020, section 6.495, subdivision 3, is amended to read:

255.4 Subd. 3. **Report Reports to commissioner of revenue.** (a) On or before September 15,  
 255.5 November 1, March 1, and June 1, the state auditor ~~shall~~ must file with the commissioner  
 255.6 of revenue a financial compliance report certifying for each relief association:

255.7 (1) the completion of the annual financial report required under section 424A.014 and  
 255.8 the auditing or certification of those financial reports under subdivision 1; and

255.9 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
 255.10 2013, chapter 111, article 5, sections 31 to 42.

255.11 (b) The commissioner of revenue shall prescribe the content, format, and manner of the  
 255.12 financial compliance reports required by paragraph (a), pursuant to section 270C.30.

255.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 255.14 and thereafter.

255.15 Sec. 2. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to  
 255.16 read:

255.17 Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement  
 255.18 between two or more fire departments that provide contracted fire protection service to the  
 255.19 same municipality and establishes the percentage of the population and the percentage of  
 255.20 the estimated market value within the municipality serviced by each fire department.

255.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 255.22 and thereafter.

255.23 Sec. 3. Minnesota Statutes 2020, section 477B.01, subdivision 5, is amended to read:

255.24 Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

255.25 (1) a municipal fire department ~~and~~;

255.26 (2) an independent nonprofit firefighting corporation;

255.27 (3) a fire department established as or operated by a joint powers entity; or

255.28 (4) a fire protection special taxing district established under chapter 144F or special law.

255.29 (b) This subdivision only applies to this chapter.

256.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
256.2 and thereafter.

256.3 Sec. 4. Minnesota Statutes 2020, section 477B.01, is amended by adding a subdivision to  
256.4 read:

256.5 Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity created  
256.6 under section 471.59.

256.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
256.8 and thereafter.

256.9 Sec. 5. Minnesota Statutes 2020, section 477B.01, subdivision 10, is amended to read:

256.10 Subd. 10. **Municipality.** (a) "Municipality" means:

256.11 (1) a home rule charter or statutory city;

256.12 (2) an organized town;

256.13 (3) ~~a park district subject to chapter 398~~ a joint powers entity;

256.14 (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or

256.15 (5) an American Indian tribal government entity located within a federally recognized  
256.16 American Indian reservation.

256.17 (b) This subdivision only applies to this chapter ~~477B~~.

256.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
256.19 and thereafter.

256.20 Sec. 6. Minnesota Statutes 2020, section 477B.01, subdivision 11, is amended to read:

256.21 Subd. 11. **Secretary.** (a) "Secretary" means:

256.22 (1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary  
256.23 incorporated firefighters' relief association or whose firefighters participate in the statewide  
256.24 volunteer firefighter plan; or

256.25 (2) the secretary of a joint powers entity or fire protection special taxing district or, if  
256.26 there is no such person, the person primarily responsible for managing the finances of a  
256.27 joint powers entity or fire protection special taxing district.

256.28 (b) This subdivision only applies to this chapter.



257.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 257.2 and thereafter.

257.3 Sec. 7. Minnesota Statutes 2020, section 477B.02, subdivision 2, is amended to read:

257.4 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting  
 257.5 corporation must be created under the nonprofit corporation act of this state operating for  
 257.6 the exclusive purpose of firefighting, or the governing body of a municipality must officially  
 257.7 establish a fire department.

257.8 (b) The fire department must have provided firefighting services for at least one calendar  
 257.9 year, and must have a current fire department identification number issued by the state fire  
 257.10 marshal.

257.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 257.12 and thereafter.

257.13 Sec. 8. Minnesota Statutes 2020, section 477B.02, subdivision 3, is amended to read:

257.14 Subd. 3. ~~**Personnel and Benefits requirements.** (a) A fire department must have a~~  
 257.15 ~~minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

257.16 ~~(b) The fire department must have regular scheduled meetings and frequent drills that~~  
 257.17 ~~include instructions in firefighting tactics and in the use, care, and operation of all fire~~  
 257.18 ~~apparatus and equipment.~~

257.19 ~~(c)~~ (a) The fire department must have a separate subsidiary incorporated firefighters'  
 257.20 relief association that provides retirement benefits or must participate in the statewide  
 257.21 volunteer firefighter plan; or if the municipality solely employs full-time firefighters as  
 257.22 defined in section 299N.03, subdivision 5, retirement coverage must be provided by the  
 257.23 public employees police and fire retirement plan. For purposes of retirement benefits, a fire  
 257.24 department may be associated with only one volunteer firefighters' relief association or one  
 257.25 account in the voluntary statewide volunteer firefighter retirement plan at one time.

257.26 ~~(d)~~ (b) Notwithstanding paragraph ~~(c)~~ (a), a municipality without a relief association as  
 257.27 described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if  
 257.28 all other requirements of this section are met.

257.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 257.30 and thereafter.

258.1 Sec. 9. Minnesota Statutes 2020, section 477B.02, is amended by adding a subdivision to  
258.2 read:

258.3 Subd. 4a. **Public safety answering point requirement.** The fire department must be  
258.4 dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

258.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
258.6 and thereafter.

258.7 Sec. 10. Minnesota Statutes 2020, section 477B.02, subdivision 5, is amended to read:

258.8 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**  
258.9 **~~requirement~~ requirements.** (a) Every municipality or independent nonprofit firefighting  
258.10 corporation must file ~~a copy of any duly executed and valid fire service contract or agreement~~  
258.11 with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2)  
258.12 written notification of any fire service contract terminations, and (3) written notification of  
258.13 any dissolution of a fire department, within 60 days of contract execution or termination,  
258.14 or department dissolution.

258.15 (b) If more than one fire department provides service to a municipality, the fire  
258.16 departments furnishing service must ~~enter into an agreement apportioning among themselves~~  
258.17 ~~the percentage of the population and the percentage of the estimated market value of each~~  
258.18 ~~shared service fire department service area. The agreement must be in writing and must be~~  
258.19 ~~filed~~ file an apportionment agreement with the commissioner.

258.20 (c) When a municipality is a joint powers entity, it must file its joint powers agreement  
258.21 with the commissioner. If the joint powers agreement does not include sufficient information  
258.22 defining the fire department service area of the joint powers entity for the purposes of  
258.23 calculating fire state aid, the secretary must file a written statement with the commissioner  
258.24 defining the fire department service area.

258.25 (d) When a municipality is a fire protection special taxing district, it must file its  
258.26 resolution establishing the fire protection special taxing district, and any agreements required  
258.27 for the establishment of the fire protection special taxing district, with the commissioner.  
258.28 If the resolution or agreement does not include sufficient information defining the fire  
258.29 department service area of the fire protection special taxing district, the secretary must file  
258.30 a written statement with the commissioner defining the fire department service area.

258.31 (e) The commissioner shall prescribe (e) the content, format, and manner of the notifications,  
258.32 apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to  
258.33 section 270C.30, except that copies of fire service contracts, joint powers agreements, and

259.1 resolutions establishing fire protection special taxing districts shall be filed in their existing  
259.2 form.

259.3 (f) A document filed with the commissioner under this subdivision must be refiled any  
259.4 time it is updated within 60 days of the update. An apportionment agreement must be refiled  
259.5 only when a change in the averaged sum of the percentage of population and percentage of  
259.6 estimated market value serviced by a fire department subject to the apportionment agreement  
259.7 is at least one percent. The percentage amount must be rounded to the nearest whole  
259.8 percentage.

259.9 (g) Upon the request of the commissioner, the county auditor must provide information  
259.10 that the commissioner requires to accurately apportion the estimated market value of a fire  
259.11 department service area for a fire department providing service to an unorganized territory  
259.12 located in the county.

259.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
259.14 and thereafter.

259.15 Sec. 11. Minnesota Statutes 2020, section 477B.02, subdivision 8, is amended to read:

259.16 Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, ~~if~~  
259.17 ~~retirement coverage for a fire department is provided by the statewide volunteer firefighter~~  
259.18 ~~plan,~~ the executive director of the Public Employees Retirement Association must certify  
259.19 ~~the existence of retirement coverage.~~ to the commissioner the fire departments that transferred  
259.20 retirement coverage to, or terminated participation in, the voluntary statewide volunteer  
259.21 firefighter retirement plan since the previous certification under this paragraph. This  
259.22 certification must include the number of active volunteer firefighters under section 477B.03,  
259.23 subdivision 5, paragraph (e).

259.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
259.25 and thereafter.

259.26 Sec. 12. Minnesota Statutes 2020, section 477B.02, subdivision 9, is amended to read:

259.27 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of  
259.28 each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the  
259.29 commissioner ~~that the fire department exists and meets the qualification requirements of~~  
259.30 ~~this section~~ the fire department service area as of December 31 of the previous year, and  
259.31 that the fire department meets the qualification requirements of this section. The municipal  
259.32 clerk or the secretary must provide the commissioner with documentation that the

260.1 commissioner deems necessary for determining eligibility for fire state aid or for calculating  
 260.2 and apportioning fire state aid under section 477B.03. The commissioner shall prescribe  
 260.3 the content, format, and manner of the certification ~~must be on a form prescribed by the~~  
 260.4 ~~commissioner and must include all other information that the commissioner requires pursuant~~  
 260.5 to section 270C.30. The municipal clerk or the secretary must send a copy of the certification  
 260.6 filed under this subdivision to the fire chief within five business days of the date the  
 260.7 certification was filed with the commissioner.

260.8 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
 260.9 and thereafter.

260.10 Sec. 13. Minnesota Statutes 2020, section 477B.03, subdivision 2, is amended to read:

260.11 **Subd. 2. Apportionment of fire state aid.** (a) The amount of fire state aid available for  
 260.12 apportionment, before the addition of the minimum fire state aid allocation amount under  
 260.13 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon  
 260.14 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the  
 260.15 commissioner by companies or insurance companies on the Minnesota Fire Premium Report,  
 260.16 except that credits claimed under section 297I.20, subdivisions 3, 4, and 5, do not affect the  
 260.17 calculation of the amount of fire state aid available for apportionment. This amount must  
 260.18 be reduced by the amount required to pay the state auditor's costs and expenses of the audits  
 260.19 or exams of the firefighters' relief associations.

260.20 (b) The total amount available for apportionment must not be less than two percent of  
 260.21 the premiums less return premiums reported to the commissioner by companies or insurance  
 260.22 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

260.23 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
 260.24 exams of the firefighters' relief associations; and

260.25 (2) one percent of the premiums reported by township mutual insurance companies and  
 260.26 mutual property and casualty companies with total assets of \$5,000,000 or less.

260.27 (c) The commissioner must apportion the fire state aid to each municipality or independent  
 260.28 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums  
 260.29 reported on the Minnesota Fire Premium Reports filed under this chapter.

260.30 (d) The commissioner must calculate the percentage of increase or decrease reflected in  
 260.31 the apportionment over or under the previous year's available state aid using the same  
 260.32 premiums as a basis for comparison.

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

261.1 Sec. 14. Minnesota Statutes 2020, section 477B.03, subdivision 3, is amended to read:

261.2 Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census~~  
261.3 ~~figures~~ The most recent population estimates made by the state demographer pursuant to  
261.4 section 4A.02, paragraph (d), must be used in calculations requiring the use of population  
261.5 figures under this chapter. ~~Increases or decreases in population disclosed by reason of any~~  
261.6 ~~special census must not be taken into consideration.~~

261.7 (b) The ~~latest available~~ estimated market value property figures for the assessment year  
261.8 immediately preceding the year the aid is distributed must be used in calculations requiring  
261.9 the use of estimated market value property figures under this chapter.

261.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
261.11 and thereafter.

261.12 Sec. 15. Minnesota Statutes 2020, section 477B.03, subdivision 4, is amended to read:

261.13 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
261.14 amount is the amount available for apportionment as fire state aid under subdivision 2,  
261.15 without the inclusion of any additional funding amount to support a minimum fire state aid  
261.16 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount  
261.17 is allocated one-half in proportion to the population for each fire department service area  
261.18 and one-half in proportion to the estimated market value of each fire department service  
261.19 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
261.20 market value of natural resources lands receiving in lieu payments under sections 477A.11  
261.21 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

261.22 (b) In the case of a municipality or independent nonprofit firefighting corporation  
261.23 furnishing fire protection to other municipalities as evidenced by valid fire service contracts,  
261.24 joint powers agreements, resolutions, and other supporting documents filed with the  
261.25 commissioner under section 477B.02, subdivision 5, the distribution must be adjusted  
261.26 proportionately to take into consideration the crossover fire protection service. Necessary  
261.27 adjustments must be made to subsequent apportionments.

261.28 (c) In the case of municipalities or independent nonprofit firefighting corporations  
261.29 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
261.30 independent nonprofit firefighting corporation on the basis of the population and the estimated  
261.31 market value of the area furnished fire protection service by the fire department as evidenced  
261.32 by valid fire service agreements contracts, joint powers agreements, resolutions, and other  
261.33 supporting documents filed with the commissioner under section 477B.02, subdivision 5.

262.1 (d) In the case of more than one fire department furnishing contracted fire service to a  
262.2 municipality, the population and estimated market value in the apportionment agreement  
262.3 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating  
262.4 the state aid.

262.5 EFFECTIVE DATE. This section is effective for aids payable in calendar year 2023  
262.6 and thereafter.

262.7 Sec. 16. Minnesota Statutes 2020, section 477B.03, subdivision 5, is amended to read:

262.8 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
262.9 allocation amount is the amount derived from any additional funding amount to support a  
262.10 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
262.11 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
262.12 corporations with volunteer firefighters' relief associations or covered by the statewide  
262.13 volunteer firefighter plan. The amount is based on the number of active volunteer firefighters  
262.14 who are (1) members of the relief association as reported to the Office of the State Auditor  
262.15 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)  
262.16 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

262.17 (b) For relief associations established in calendar year 1993 or a prior year, the number  
262.18 of active volunteer firefighters equals the number of active volunteer firefighters who were  
262.19 members of the relief association as reported in the annual financial reporting for calendar  
262.20 year 1993, but not to exceed 30 active volunteer firefighters.

262.21 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
262.22 the number of active volunteer firefighters equals the number of active volunteer firefighters  
262.23 who were members of the relief association as reported in the annual financial reporting for  
262.24 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer  
262.25 firefighters.

262.26 (d) For relief associations established after calendar year 1999, the number of active  
262.27 volunteer firefighters equals the number of active volunteer firefighters who are members  
262.28 of the relief association as reported in the first annual financial reporting submitted to the  
262.29 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

262.30 (e) ~~If a relief association is terminated as a result of~~ For a municipality or independent  
262.31 nonprofit firefighting corporation that is providing retirement coverage for volunteer  
262.32 firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of  
262.33 active volunteer firefighters equals the number of active volunteer firefighters of the

263.1 municipality or independent nonprofit firefighting corporation covered by the statewide  
263.2 plan as certified by the executive director of the Public Employees Retirement Association  
263.3 to the commissioner and the state auditor by February 1 immediately following the date the  
263.4 municipality or independent nonprofit firefighting corporation begins coverage in the plan,  
263.5 but not to exceed 30 active firefighters.

263.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
263.7 and thereafter.

263.8 Sec. 17. Minnesota Statutes 2020, section 477B.03, subdivision 7, is amended to read:

263.9 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
263.10 fire relief association, or the statewide volunteer firefighter plan may object to the amount  
263.11 of fire state aid apportioned to it by filing a written request with the commissioner to review  
263.12 and adjust the apportionment of funds within the state. The objection of a municipality, an  
263.13 independent nonprofit firefighting corporation, a fire relief association, or the voluntary  
263.14 statewide volunteer firefighter retirement plan must be filed with the commissioner within  
263.15 60 days of the date the amount of apportioned fire state aid is paid. The decision of the  
263.16 commissioner is subject to appeal, review, and adjustment by the district court in the county  
263.17 in which the applicable municipality or independent nonprofit firefighting corporation is  
263.18 located or by the Ramsey County District Court with respect to the statewide volunteer  
263.19 firefighter plan.

263.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
263.21 and thereafter.

263.22 Sec. 18. Minnesota Statutes 2020, section 477B.04, subdivision 1, is amended to read:

263.23 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
263.24 Employees Retirement Association for deposit in the statewide volunteer firefighter fund  
263.25 on behalf of a municipality or independent nonprofit firefighting corporation that is a member  
263.26 of the statewide volunteer firefighter plan under chapter 353G, ~~or directly to a municipality~~  
263.27 ~~or county designated by an independent nonprofit firefighting corporation.~~ The commissioner  
263.28 must directly pay all other municipalities qualifying for fire state aid, except as provided in  
263.29 paragraph (d). The payment is equal to the amount of fire state aid apportioned to the  
263.30 applicable fire state aid recipient under section 477B.03.

263.31 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not  
263.32 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each  
263.33 month or part of a month that the amount remains unpaid after October 1.

264.1 (c) If the commissioner of revenue does not receive a financial compliance report  
264.2 described in section 6.495, subdivision 3, for a relief association, the amount of fire state  
264.3 aid apportioned to a municipality or independent nonprofit firefighting corporation under  
264.4 section 477B.03 for that relief association must be withheld from payment to the Public  
264.5 Employees Retirement Association or the municipality. The commissioner of revenue must  
264.6 issue a withheld payment within ten business days of receipt of a financial compliance report  
264.7 under section 6.495, subdivision 3. The interest under paragraph (b) does not apply when  
264.8 to a payment has not been made by October 1 due to noncompliance with sections 424A.014  
264.9 and 477B.02, subdivision 7 withheld under this paragraph.

264.10 (d) The commissioner must make payments directly to the largest municipality in  
264.11 population located within any area included in a joint powers entity that does not have a  
264.12 designated agency under section 471.59, subdivision 3, or within the fire department service  
264.13 area of an eligible independent nonprofit firefighting corporation. If there is no city or town  
264.14 within the fire department service area of an eligible independent nonprofit firefighting  
264.15 corporation, fire state aid must be paid to the county where the independent nonprofit  
264.16 firefighting corporation is located.

264.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
264.18 and thereafter.

264.19 Sec. 19. Minnesota Statutes 2020, section 477B.04, is amended by adding a subdivision  
264.20 to read:

264.21 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid  
264.22 overpayment or underpayment due to a clerical error must be made to subsequent fire state  
264.23 aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment  
264.24 under this subdivision is limited to three years after the payment was issued.

264.25 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,  
264.26 the commissioner must reduce the aid a municipality or independent nonprofit firefighting  
264.27 corporation is to receive by the amount overpaid over a period of no more than three years.  
264.28 If an overpayment equals or is less than ten percent of the most recently paid aid amount,  
264.29 the commissioner must reduce the next aid payment occurring in 30 days or more by the  
264.30 amount overpaid.

264.31 (c) In the event of an underpayment, the commissioner must distribute the amount of  
264.32 underpaid funds to the municipality or independent nonprofit firefighting corporation over  
264.33 a period of no more than three years. An additional distribution to a municipality or  
264.34 independent nonprofit firefighting corporation must be paid from the general fund and must



265.1 not diminish the payments made to other municipalities or independent nonprofit firefighting  
265.2 corporations under this chapter.

265.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
265.4 and thereafter.

265.5 Sec. 20. Minnesota Statutes 2020, section 477C.03, subdivision 2, is amended to read:

265.6 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for  
265.7 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
265.8 paid to the state on the premiums reported to the commissioner by companies or insurance  
265.9 companies on the Minnesota Aid to Police Premium Report, except that credits claimed  
265.10 under section 297I.20, subdivisions 3, 4, and 5, do not affect the calculation of the total  
265.11 amount of police state aid available for apportionment. The total amount for apportionment  
265.12 for the police state aid program must not be less than two percent of the amount of premiums  
265.13 reported to the commissioner by companies or insurance companies on the Minnesota Aid  
265.14 to Police Premium Report.

265.15 (b) The commissioner must calculate the percentage of increase or decrease reflected in  
265.16 the apportionment over or under the previous year's available state aid using the same  
265.17 premiums as a basis for comparison.

265.18 (c) In addition to the amount for apportionment of police state aid under paragraph (a),  
265.19 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
265.20 this increase is annually appropriated from the general fund.

265.21 (d) The commissioner must apportion police state aid to all municipalities in proportion  
265.22 to the relationship that the total number of peace officers employed by that municipality for  
265.23 the prior calendar year and the proportional or fractional number who were employed less  
265.24 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears  
265.25 to the total number of peace officers employed by all municipalities subject to any reduction  
265.26 under subdivision 3.

265.27 ~~(e) Any necessary additional adjustments must be made to subsequent police state aid~~  
265.28 ~~apportionments.~~

265.29 **EFFECTIVE DATE.** (a) The amendment to paragraph (a) is effective the day following  
265.30 final enactment.

265.31 (b) The amendment striking paragraph (e) is effective for aids payable in calendar year  
265.32 2023 and thereafter.

266.1 Sec. 21. Minnesota Statutes 2020, section 477C.03, subdivision 5, is amended to read:

266.2 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
266.3 to it by filing a written request with the commissioner to review and adjust the apportionment  
266.4 of funds to the municipality. The objection of a municipality must be filed with the  
266.5 commissioner within 60 days of the date the amount of apportioned police state aid is paid.  
266.6 The decision of the commissioner is subject to appeal, review, and adjustment by the district  
266.7 court in the county in which the applicable municipality is located or by the Ramsey County  
266.8 District Court with respect to the Departments of Natural Resources or Public Safety.

266.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
266.10 and thereafter.

266.11 Sec. 22. Minnesota Statutes 2020, section 477C.04, is amended by adding a subdivision  
266.12 to read:

266.13 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a police state  
266.14 aid overpayment or underpayment due to a clerical error must be made to subsequent police  
266.15 state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid  
266.16 payment under this subdivision is limited to three years after the payment was issued.

266.17 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,  
266.18 the commissioner must reduce the aid a municipality is to receive by the amount overpaid  
266.19 over a period of no more than three years. If an overpayment equals or is less than ten  
266.20 percent of the most recently paid aid amount, the commissioner must reduce the next aid  
266.21 payment occurring in 30 days or more by the amount overpaid.

266.22 (c) In the event of an underpayment, the commissioner must distribute the amount of  
266.23 underpaid funds to the municipality over a period of no more than three years. An additional  
266.24 distribution to a municipality must be paid from the general fund and must not diminish the  
266.25 payments made to other municipalities under this chapter.

266.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
266.27 and thereafter.

266.28 Sec. 23. **REPEALER.**

266.29 Minnesota Statutes 2020, sections 477B.02, subdivision 4; and 477B.03, subdivision 6,  
266.30 are repealed.

266.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023  
266.32 and thereafter.

**ARTICLE 13****DEPARTMENT OF REVENUE - MISCELLANEOUS TAX PROVISIONS**

Section 1. Minnesota Statutes 2020, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the homestead or deducts expenses under section 280A of the Internal Revenue Code for a business operated in the claimant's homestead. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December ~~15~~ 31 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December ~~15~~ 31 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

- 268.1 **EFFECTIVE DATE.** This section is effective for refund claims based on property taxes
- 268.2 payable in 2022 and thereafter.