

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 848

1.2 A bill for an act
1.3 relating to financing and operation of state and local government; making
1.4 changes to individual income, corporate franchise, property, sales and use,
1.5 excise, estate, mineral, tobacco, gambling, special, local, and other taxes and
1.6 tax-related provisions; providing for long-term care savings plans; modifying
1.7 business income tax credits; modifying income tax subtractions and additions;
1.8 modifying the definition of resident for income tax purposes; modifying
1.9 the dependent care credit, education credit, and research credit; providing
1.10 credits for MNsure premium payments, attaining a master's degree, student
1.11 loan payments, college savings plans, and job training centers; modifying
1.12 reciprocity provisions; providing an additional personal and dependent
1.13 exemption; allowing a reverse referendum for property tax levies under certain
1.14 circumstances; modifying dates for local referenda related to spending; changing
1.15 proposed levy certification dates for special taxing districts; modifying general
1.16 property tax provisions; providing for joint county and township assessment
1.17 agreements; modifying the definition of agricultural homestead; modifying
1.18 property classification definitions; permanently extending the market value
1.19 exclusion for surviving spouses of deceased service members and permanently
1.20 disabled veterans; modifying provisions for appeals and equalizations courses;
1.21 providing a tax credit for overvalued property; modifying and phasing out the
1.22 state general levy; modifying proposed levy provisions; modifying due dates
1.23 for property taxes; changing withdrawal procedures for the Sustainable Forest
1.24 Incentive Program; authorizing valuation exclusion for certain improvements
1.25 to homestead and commercial-industrial property; providing an increased estate
1.26 tax exemption amount and other estate tax provisions; providing for certain
1.27 economic development projects; providing for the Minnesota New Markets Jobs
1.28 Act; restricting expenditures and other powers related to certain rail projects;
1.29 providing for additional border city zone allocations; modifying general tax
1.30 increment financing provisions; modifying provisions for the Destination Medical
1.31 Center; modifying general and local sales and use tax provisions; modifying sales
1.32 tax definitions and refunds related to petroleum and special fuel, durable medical
1.33 equipment, instructional materials, propane tanks, bullion, capital equipment,
1.34 and nonprofit groups; providing for a vendor allowance; providing exemptions
1.35 for animal shelters, city celebrations, BMX tracks, and certain building and
1.36 construction materials; repealing the tax on digital products; providing a separate
1.37 rate for certain modular housing; modifying gambling taxes; providing a
1.38 definition and rate of tax for vapor products under the tobacco tax; modifying
1.39 cigarette stamp provisions; modifying rates for pull tabs sold at bingo halls;
1.40 modifying miscellaneous tax provisions; modifying sales tax deposits, accounts,
1.41 and provisions for transportation purposes; modifying local government aids
1.42 and credits; providing for a school building bond agricultural credit; modifying
1.43 assessor accreditation; accelerating the repeal of MinnesotaCare provider taxes;

2.1 creating a county program aid working group; establishing trust fund accounts;
 2.2 providing trust fund payments to counties; modifying provisions related to
 2.3 payments in lieu of taxes for natural resources land; repealing the political
 2.4 contribution refund; making various conforming and technical changes; requiring
 2.5 reports; appropriating money; amending Minnesota Statutes 2014, sections
 2.6 16A.726; 40A.18, subdivision 2; 62V.05, subdivision 5; 97A.055, subdivision
 2.7 2; 97A.056, subdivision 1a, by adding subdivisions; 116J.8737, subdivisions 5,
 2.8 12; 116P.02, subdivision 1, by adding a subdivision; 123B.63, subdivision 3;
 2.9 126C.17, subdivision 9; 205.10, subdivision 1; 205A.05, subdivision 1; 216B.46;
 2.10 237.19; 270A.03, subdivision 7; 270B.14, subdivision 17; 270C.13, subdivision
 2.11 1; 270C.9901; 273.061, subdivision 4; 273.072, by adding a subdivision;
 2.12 273.124, subdivision 14; 273.13, subdivisions 23, 25, 34; 274.014, subdivision
 2.13 2; 275.025; 275.065, subdivisions 1, 3; 275.07, subdivisions 1, 2; 275.08,
 2.14 subdivision 1b; 275.60; 276.04, subdivisions 1, 2; 278.12; 279.01, subdivisions
 2.15 1, 3; 279.37, subdivision 2; 282.01, subdivision 4; 282.261, subdivision 2;
 2.16 289A.02, subdivision 7, as amended; 289A.10, subdivision 1; 289A.12, by
 2.17 adding a subdivision; 289A.20, subdivision 4; 289A.50, subdivision 1; 290.01,
 2.18 subdivisions 6, 7, 19, as amended, 19a, 19b, 19d, 29, 31, as amended; 290.06,
 2.19 by adding subdivisions; 290.067, subdivision 1; 290.0671, subdivisions 1, 6a;
 2.20 290.0672, subdivision 2; 290.0674, subdivisions 1, 2, by adding a subdivision;
 2.21 290.0677, subdivision 2; 290.068, subdivisions 1, 3, 6a, by adding a subdivision;
 2.22 290.081; 290.091, subdivision 2; 290.191, subdivision 5; 290A.03, subdivision
 2.23 15, as amended; 290C.10; 291.005, subdivision 1, as amended; 291.016,
 2.24 subdivision 3; 291.03, subdivisions 1, 1d; 296A.01, subdivision 12; 296A.08,
 2.25 subdivision 2; 296A.16, subdivision 2; 297A.61, subdivisions 3, 4, 38; 297A.62,
 2.26 subdivision 3; 297A.668, subdivisions 1, 2, 6a, 7; 297A.669, subdivision 14a;
 2.27 297A.67, subdivisions 7a, 13a, by adding subdivisions; 297A.68, subdivisions
 2.28 5, 19; 297A.70, subdivisions 4, 10, 14, by adding subdivisions; 297A.71, by
 2.29 adding subdivisions; 297A.75, subdivisions 1, 2, 3; 297A.77, subdivision
 2.30 3; 297A.815, subdivision 3; 297A.94; 297A.992, subdivisions 1, 6, 6a, by
 2.31 adding a subdivision; 297A.994, subdivision 4; 297E.02, subdivisions 1, 6;
 2.32 297F.01, subdivision 19, by adding subdivisions; 297F.05, subdivisions 1, 3, by
 2.33 adding subdivisions; 297F.06, subdivisions 1, 4; 297F.08, subdivisions 5, 7, 8;
 2.34 297F.09, subdivision 1; 297I.20, by adding a subdivision; 298.24, subdivision
 2.35 1; 309.53, subdivision 3; 345.42, by adding a subdivision; 349.12, by adding a
 2.36 subdivision; 412.221, subdivision 2; 412.301; 426.19, subdivision 2; 447.045,
 2.37 subdivisions 2, 3, 4, 6, 7; 452.11; 455.24; 455.29; 459.06, subdivision 1;
 2.38 469.053, subdivision 5; 469.0724; 469.107, subdivision 2; 469.169, by adding
 2.39 a subdivision; 469.174, subdivisions 12, 14; 469.175, subdivision 3; 469.176,
 2.40 subdivisions 4, 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1,
 2.41 2, 3; 469.178, subdivision 7; 469.190, subdivisions 1, 5; 469.40, subdivision 11,
 2.42 as amended; 469.43, by adding a subdivision; 469.45, subdivisions 1, 2; 469.47,
 2.43 subdivision 4, as amended; 471.57, subdivision 3; 471.571, subdivision 3;
 2.44 471.572, subdivisions 2, 4; 473.13, by adding a subdivision; 473.39, by adding a
 2.45 subdivision; 473.446, subdivision 1; 473H.09; 473H.17, subdivision 1a; 475.59;
 2.46 477A.013, subdivision 10, by adding a subdivision; 477A.017, subdivision 2,
 2.47 by adding a subdivision; 477A.03, subdivisions 2a, 2b; 477A.10; 477A.11, by
 2.48 adding subdivisions; 609.5316, subdivision 3; 611.27, subdivisions 13, 15;
 2.49 Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended;
 2.50 Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as
 2.51 amended, 5, 6; Laws 1996, chapter 471, article 3, section 51; Laws 1999, chapter
 2.52 243, article 4, section 18, subdivision 1, as amended; Laws 2008, chapter 366,
 2.53 article 7, section 20; Laws 2009, chapter 88, article 5, section 17, as amended;
 2.54 Laws 2011, First Special Session chapter 9, article 6, section 97, subdivision
 2.55 6; Laws 2014, chapter 308, article 6, section 7; proposing coding for new law
 2.56 in Minnesota Statutes, chapters 11A; 16A; 16B; 116J; 116P; 117; 273; 274;
 2.57 275; 290; 297A; 416; 459; 473; 477A; 609; proposing coding for new law as
 2.58 Minnesota Statutes, chapter 116X; repealing Minnesota Statutes 2014, sections

3.1 10A.322, subdivision 4; 13.4967, subdivision 2; 205.10, subdivision 3; 290.06,
 3.2 subdivision 23; 290.067, subdivisions 2, 2a, 2b; 297A.61, subdivisions 50, 51,
 3.3 52, 53, 54, 55, 56; 297A.992, subdivision 12; 297F.05, subdivision 1a; 477A.017,
 3.4 subdivision 3; 477A.085; 477A.19; Minnesota Rules, part 4503.1400, subpart 4.

3.5 May 22, 2016

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

3.8 The Honorable Sandra L. Pappas
 3.9 President of the Senate

3.10 We, the undersigned conferees for H. F. No. 848 report that we have agreed upon the
 3.11 items in dispute and recommend as follows:

3.12 That the Senate recede from its amendments and that H. F. No. 848 be further
 3.13 amended as follows:

3.14 Delete everything after the enacting clause and insert:

3.15 **"ARTICLE 1**

3.16 **PROPERTY TAX**

3.17 Section 1. **[103C.333] COUNTY LEVY AUTHORITY.**

3.18 Notwithstanding any other law to the contrary, a county levying a tax under section
 3.19 103C.331 shall not include any taxes levied under those authorities in the levy certified
 3.20 under section 275.07, subdivision 1, paragraph (a). A county levying under section
 3.21 103C.331 shall separately certify that amount, and the auditor shall extend that levy as a
 3.22 special taxing district levy under sections 275.066 and 275.07, subdivision 1, paragraph (b).

3.23 **EFFECTIVE DATE.** This section is effective for certifications made in 2016 and
 3.24 thereafter.

3.25 Sec. 2. Minnesota Statutes 2014, section 138.053, is amended to read:

3.26 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**
 3.27 **TOWNS.**

3.28 The governing body of any home rule charter or statutory city or town may annually
 3.29 appropriate from its general fund an amount not to exceed 0.02418 percent of estimated
 3.30 market value, derived from ad valorem taxes on property or other revenues, to be paid to
 3.31 the historical society of its respective city, town, or county to be used for the promotion of
 3.32 historical work and to aid in defraying the expenses of carrying on the historical work in the
 3.33 county. No city or town may appropriate any funds for the benefit of any historical society
 3.34 unless the society is affiliated with and approved by the Minnesota Historical Society.

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

4.1 Sec. 3. [216B.1647] PROPERTY TAX ADJUSTMENT; COOPERATIVE
 4.2 ASSOCIATION.

4.3 A cooperative electric association that has elected to be subject to rate regulation
 4.4 under section 216B.026 is eligible to file with the commission for approval of an
 4.5 adjustment for real and personal property taxes, fees, and permits.

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

4.7 Sec. 4. Minnesota Statutes 2014, section 272.02, is amended by adding a subdivision
 4.8 to read:

4.9 Subd. 100. **Electric generation facility; personal property.** (a) Notwithstanding
 4.10 subdivision 9, clause (a), attached machinery, transformers, and other personal property
 4.11 that (1) is part of a natural gas-fired combined heat and power facility, (2) generates
 4.12 electricity and steam for at least partial consumption as part of an industrial use, including
 4.13 corn processing, (3) is less than 80,000 kilowatts of installed capacity, and (4) meets the
 4.14 requirements of this subdivision, are exempt.

4.15 (b) At the time of construction, the facility must:

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

4.17 (2) not be owned by a public utility as defined in section 216B.02, subdivision 4;

4.18 (3) be located within 15 miles of an existing natural gas pipeline and within one mile
 4.19 of an existing electrical transmission substation; and

4.20 (4) be located outside the metropolitan area as defined in section 473.121,
 4.21 subdivision 2.

4.22 (c) Construction of the facility must commence after January 1, 2015, and
 4.23 before January 1, 2019. Property eligible for this exemption does not include electric
 4.24 transmission lines and interconnections, or gas pipelines and interconnections, appurtenant
 4.25 to the property or the facility.

4.26 (d) In lieu of personal property taxes each year, the owner of the combined heat and
 4.27 power facility shall pay a base payment of 0.14 cents per kilowatt-hour of electricity
 4.28 produced by the facility during the previous calendar year. In addition to the base payment
 4.29 and in lieu of personal property taxes each year, the owner of the combined heat and power
 4.30 facility shall pay an additional payment of 0.08 cents per kilowatt-hour of electricity
 4.31 produced by the facility during the previous calendar year if, during the previous calendar
 4.32 year, the host township or city had an agreement with a municipal utilities commission
 4.33 to share the cost of acquiring, developing, and marketing land for industrial purposes,
 4.34 and under such agreement both the host township or city and the municipal utilities
 4.35 commission provided funds during the previous calendar year as part of a cost-sharing

5.1 agreement. The additional payment to be paid by the owner of the combined heat and
 5.2 power facility shall be the lesser of 0.08 cents per kilowatt-hour of electricity produced
 5.3 by the facility or 57 percent of the amount funded by the host township or city during
 5.4 the previous calendar year pursuant to the aforementioned cost-sharing agreement. The
 5.5 payments imposed under this section shall be paid to the county treasurer for the benefit of
 5.6 the host township or city, at the time and in the manner provided for payment of property
 5.7 taxes under section 277.01, subdivision 3. If unpaid, the payments are subject to the same
 5.8 enforcement, collection, and interest and penalties as delinquent personal property taxes.
 5.9 Except to the extent inconsistent with this section, sections 277.01 to 277.24 and 278.01
 5.10 to 278.13 apply to the payments imposed under this section, and for purposes of those
 5.11 sections the payments imposed under this section are considered personal property taxes.

5.12 (e) The owner of the combined heat and power facility shall file a report with the
 5.13 commissioner of revenue annually on or before February 1, detailing the amount of
 5.14 electricity in kilowatt-hours that was produced by the facility and the amount funded by
 5.15 the host township or city in accordance with the cost-sharing agreement described in
 5.16 paragraph (d) during the previous calendar year. The commissioner shall prescribe the
 5.17 form of the report. The report must contain the information required by the commissioner
 5.18 to determine the payments due under this section payable in the current year. If an owner
 5.19 of the facility subject to taxation under this section fails to file the report by the due date,
 5.20 the commissioner of revenue shall determine the payments based upon the nameplate
 5.21 capacity of the system multiplied by a capacity factor of 85 percent.

5.22 **EFFECTIVE DATE.** This section is effective for taxes payable beginning in 2017
 5.23 and thereafter.

5.24 Sec. 5. Minnesota Statutes 2014, section 272.02, is amended by adding a subdivision
 5.25 to read:

5.26 Subd. 101. **Electric generation facility; personal property.** (a) Notwithstanding
 5.27 subdivision 9, clause (a), attached machinery and other personal property that is part of an
 5.28 electric generation facility with more than 35 megawatts and less than 40 megawatts of
 5.29 installed capacity and that meets the requirements of this subdivision is exempt from taxes
 5.30 and payments in lieu of taxes. The facility must:

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

5.32 (2) be owned and operated by a municipal power agency as defined in section
 5.33 453.52, subdivision 8;

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

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

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

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

6.8 (b) Construction of the facility must have been commenced after January 1, 2015,
 6.9 and before January 1, 2016. Property eligible for this exemption does not include electric
 6.10 transmission lines and interconnections or gas pipelines and interconnections appurtenant
 6.11 to the property or the facility.

6.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and
 6.13 thereafter.

6.14 Sec. 6. Minnesota Statutes 2014, section 272.162, is amended to read:

6.15 **272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.**

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

6.21 (a) The land conveyed is less than a whole parcel of land as charged in the tax lists;

6.22 (b) The part conveyed appears within the area of application of municipal or
 6.23 county subdivision regulations adopted and filed under section 394.35 or section 462.36,
 6.24 subdivision 1; and

6.25 (c) The part conveyed is part of or constitutes a subdivision as defined in section
 6.26 462.352, subdivision 12.

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

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

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

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

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

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

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

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

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

7.22 Sec. 7. Minnesota Statutes 2014, section 273.13, subdivision 34, is amended to read:

7.23 Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a
 7.24 portion of the market value of property owned by a veteran and serving as the veteran's
 7.25 homestead under this section is excluded in determining the property's taxable market
 7.26 value if the veteran has a service-connected disability of 70 percent or more as certified
 7.27 by the United States Department of Veterans Affairs. To qualify for exclusion under this
 7.28 subdivision, the veteran must have been honorably discharged from the United States
 7.29 armed forces, as indicated by United States Government Form DD214 or other official
 7.30 military discharge papers.

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

7.33 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is
 7.34 excluded.

8.1 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),
8.2 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
8.3 spouse holds the legal or beneficial title to the homestead and permanently resides there,
8.4 the exclusion shall carry over to the benefit of the veteran's spouse ~~for the current taxes~~
8.5 ~~payable year and for eight additional taxes payable years~~ or until such time as the spouse
8.6 remarries, or sells, transfers, or otherwise disposes of the property, ~~whichever comes first~~.
8.7 Qualification under this paragraph requires an annual application under paragraph (h).

8.8 (d) If the spouse of a member of any branch or unit of the United States armed
8.9 forces who dies due to a service-connected cause while serving honorably in active
8.10 service, as indicated on United States Government Form DD1300 or DD2064, holds
8.11 the legal or beneficial title to a homestead and permanently resides there, the spouse is
8.12 entitled to the benefit described in paragraph (b), clause (2), ~~for eight taxes payable years,~~
8.13 ~~or~~ until such time as the spouse remarries or sells, transfers, or otherwise disposes of the
8.14 property, ~~whichever comes first~~.

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

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

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

8.25 (h) To qualify for a valuation exclusion under this subdivision a property owner
8.26 must apply to the assessor by July 1 of each assessment year, except that an annual
8.27 reapplication is not required once a property has been accepted for a valuation exclusion
8.28 under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and
8.29 the property continues to qualify until there is a change in ownership. For an application
8.30 received after July 1 of any calendar year, the exclusion shall become effective for the
8.31 following assessment year.

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

8.34 (j) For purposes of this subdivision:

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

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

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

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

9.7 (k) The purpose of this provision of law providing a level of homestead property tax
 9.8 relief for gravely disabled veterans, their primary family caregivers, and their surviving
 9.9 spouses is to help ease the burdens of war for those among our state's citizens who bear
 9.10 those burdens most heavily.

9.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

9.12 Sec. 8. Minnesota Statutes 2014, section 275.025, subdivision 1, is amended to read:

9.13 Subdivision 1. **Levy amount.** The state general levy is levied against
 9.14 commercial-industrial property and seasonal residential recreational property, as defined
 9.15 in this section. The state general levy base amount for commercial-industrial property is
 9.16 ~~\$592,000,000~~ \$762,664,000 for taxes payable in ~~2002~~ 2017. The state general levy base
 9.17 amount for seasonal-recreational property is \$43,111,000 for taxes payable in 2017. For
 9.18 taxes payable in subsequent years, ~~the~~ each levy base amount is increased each year by
 9.19 multiplying the levy base amount for the prior year by the sum of one plus the rate of
 9.20 increase, if any, in the implicit price deflator for government consumption expenditures
 9.21 and gross investment for state and local governments prepared by the Bureau of Economic
 9.22 Analysts of the United States Department of Commerce for the 12-month period ending
 9.23 March 31 of the year prior to the year the taxes are payable. The tax under this section is
 9.24 not treated as a local tax rate under section 469.177 and is not the levy of a governmental
 9.25 unit under chapters 276A and 473F.

9.26 The commissioner shall increase or decrease the preliminary or final ~~rate~~ rates for a
 9.27 year as necessary to account for errors and tax base changes that affected a preliminary or
 9.28 final rate for either of the two preceding years. Adjustments are allowed to the extent that
 9.29 the necessary information is available to the commissioner at the time the rates for a year
 9.30 must be certified, and for the following reasons:

9.31 (1) an erroneous report of taxable value by a local official;

9.32 (2) an erroneous calculation by the commissioner; and

9.33 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
 9.34 residential recreational property reported on the abstracts of tax lists submitted under

10.1 section 275.29 that was not reported on the abstracts of assessment submitted under
 10.2 section 270C.89 for the same year.

10.3 The commissioner may, but need not, make adjustments if the total difference in the tax
 10.4 levied for the year would be less than \$100,000.

10.5 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

10.6 Sec. 9. Minnesota Statutes 2014, section 275.025, subdivision 2, is amended to read:

10.7 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
 10.8 "commercial-industrial tax capacity" means the tax capacity of all taxable property
 10.9 classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the first
 10.10 \$100,000 of market value of each parcel of commercial-industrial net tax capacity as
 10.11 defined under section 273.13, subdivision 24, clauses (1) and (2); (2) electric generation
 10.12 attached machinery under class 3; and (3) property described in section 473.625. County
 10.13 commercial-industrial tax capacity amounts are not adjusted for the captured net tax
 10.14 capacity of a tax increment financing district under section 469.177, subdivision 2, the
 10.15 net tax capacity of transmission lines deducted from a local government's total net tax
 10.16 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
 10.17 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
 10.18 for determining eligibility for tier 1 under section 273.13, subdivision 24, clause (1),
 10.19 shall apply in determining the portion of a property eligible to be considered within the
 10.20 first \$100,000 of market value.

10.21 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

10.22 Sec. 10. Minnesota Statutes 2014, section 275.025, subdivision 4, is amended to read:

10.23 Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of The~~
 10.24 ~~state general tax must be levied by applying a uniform rate to all commercial-industrial tax~~
 10.25 ~~capacity and five percent of the state general tax must be levied by applying a uniform~~
 10.26 ~~rate to all seasonal residential recreational tax capacity. On or before October 1 each year,~~
 10.27 ~~the commissioner of revenue shall certify the preliminary state general levy rates to each~~
 10.28 ~~county auditor that must be used to prepare the notices of proposed property taxes for taxes~~
 10.29 ~~payable in the following year. By January 1 of each year, the commissioner shall certify the~~
 10.30 ~~final state general levy rate~~ rates ~~to each county auditor that shall be used in spreading taxes.~~

10.31 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

10.32 Sec. 11. Minnesota Statutes 2014, section 275.065, subdivision 1, is amended to read:

11.1 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
 11.2 contrary, on or before September 30, each county ~~and each~~, home rule charter or statutory
 11.3 city, and special taxing district, excluding the Metropolitan Council and the Metropolitan
 11.4 Mosquito Control District, shall certify to the county auditor the proposed property tax
 11.5 levy for taxes payable in the following year. The proposed levy certification date for
 11.6 the Metropolitan Council shall be as prescribed in sections 473.249 and 473.446. The
 11.7 proposed levy certification date for the Metropolitan Mosquito Control District shall be
 11.8 as prescribed in section 473.711.

11.9 (b) Notwithstanding any law or charter to the contrary, on or before September 15,
 11.10 each town ~~and each special taxing district~~, the Metropolitan Council, and the Metropolitan
 11.11 Mosquito Control District shall adopt and certify to the county auditor a proposed property
 11.12 tax levy for taxes payable in the following year. For towns, the final certified levy shall
 11.13 also be considered the proposed levy.

11.14 (c) On or before September 30, each school district that has not mutually agreed
 11.15 with its home county to extend this date shall certify to the county auditor the proposed
 11.16 property tax levy for taxes payable in the following year. Each school district that has
 11.17 agreed with its home county to delay the certification of its proposed property tax levy
 11.18 must certify its proposed property tax levy for the following year no later than October
 11.19 7. The school district shall certify the proposed levy as:

11.20 (1) a specific dollar amount by school district fund, broken down between
 11.21 voter-approved and non-voter-approved levies and between referendum market value
 11.22 and tax capacity levies; or

11.23 (2) the maximum levy limitation certified by the commissioner of education
 11.24 according to section 126C.48, subdivision 1.

11.25 (d) If the board of estimate and taxation or any similar board that establishes
 11.26 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
 11.27 property tax levies for funds under its jurisdiction by charter to the county auditor by the
 11.28 date specified in paragraph (a), the city shall be deemed to have certified its levies for
 11.29 those taxing jurisdictions.

11.30 (e) For purposes of this section, "special taxing district" means a special taxing
 11.31 district as defined in section 275.066. Intermediate school districts that levy a tax
 11.32 under chapter 124 or 136D, joint powers boards established under sections 123A.44 to
 11.33 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are
 11.34 also special taxing districts for purposes of this section.

11.35 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed
 11.36 tax levy under this subdivision, the taxing authority shall announce the time and place

12.1 of its subsequent regularly scheduled meetings at which the budget and levy will be
 12.2 discussed and at which the public will be allowed to speak. The time and place of those
 12.3 meetings must be included in the proceedings or summary of proceedings published in the
 12.4 official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

12.5 **EFFECTIVE DATE.** This section is effective beginning with proposed levy
 12.6 certifications for taxes payable in 2017.

12.7 Sec. 12. Minnesota Statutes 2014, section 275.066, is amended to read:

12.8 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

12.9 For the purposes of property taxation and property tax state aids, the term "special
 12.10 taxing districts" includes the following entities:

- 12.11 (1) watershed districts under chapter 103D;
- 12.12 (2) sanitary districts under sections 442A.01 to 442A.29;
- 12.13 (3) regional sanitary sewer districts under sections 115.61 to 115.67;
- 12.14 (4) regional public library districts under section 134.201;
- 12.15 (5) park districts under chapter 398;
- 12.16 (6) regional railroad authorities under chapter 398A;
- 12.17 (7) hospital districts under sections 447.31 to 447.38;
- 12.18 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- 12.19 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- 12.20 (10) regional development commissions under sections 462.381 to 462.398;
- 12.21 (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- 12.22 (12) port authorities under sections 469.048 to 469.068;
- 12.23 (13) economic development authorities under sections 469.090 to 469.1081;
- 12.24 (14) Metropolitan Council under sections 473.123 to 473.549;
- 12.25 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 12.26 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 12.27 (17) Morrison County Rural Development Financing Authority under Laws 1982,
 12.28 chapter 437, section 1;
- 12.29 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 12.30 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211,
 12.31 sections 1 to 6;
- 12.32 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article
 12.33 5, section 39;

- 13.1 (21) Middle Mississippi River Watershed Management Organization under sections
 13.2 103B.211 and 103B.241;
- 13.3 (22) emergency medical services special taxing districts under section 144F.01;
- 13.4 (23) a county levying under the authority of section 103B.241, 103B.245, ~~or~~
 13.5 103B.251, or 103C.331;
- 13.6 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
 13.7 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 13.8 (25) an airport authority created under section 360.0426; and
- 13.9 (26) any other political subdivision of the state of Minnesota, excluding counties,
 13.10 school districts, cities, and towns, that has the power to adopt and certify a property tax
 13.11 levy to the county auditor, as determined by the commissioner of revenue.

13.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and
 13.13 thereafter.

13.14 Sec. 13. Minnesota Statutes 2014, section 275.07, subdivision 1, is amended to read:

13.15 Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b),
 13.16 the taxes voted by cities, counties, school districts, and special districts shall be certified
 13.17 by the proper authorities to the county auditor on or before five working days after
 13.18 December 20 in each year. A town must certify the levy adopted by the town board to
 13.19 the county auditor by September 15 each year. If the town board modifies the levy at a
 13.20 special town meeting after September 15, the town board must recertify its levy to the
 13.21 county auditor on or before five working days after December 20. If a city, town, county,
 13.22 school district, or special district fails to certify its levy by that date, its levy shall be the
 13.23 amount levied by it for the preceding year.

13.24 (b)(i) The taxes voted by counties under sections 103B.241, 103B.245, ~~and~~
 13.25 103B.251, and 103C.331 shall be separately certified by the county to the county auditor
 13.26 on or before five working days after December 20 in each year. The taxes certified
 13.27 shall not be reduced by the county auditor by the aid received under section 273.1398,
 13.28 subdivision 3. If a county fails to certify its levy by that date, its levy shall be the amount
 13.29 levied by it for the preceding year.

13.30 (ii) For purposes of the proposed property tax notice under section 275.065 and
 13.31 the property tax statement under section 276.04, for the first year in which the county
 13.32 implements the provisions of this paragraph, the county auditor shall reduce the county's
 13.33 levy for the preceding year to reflect any amount levied for water management purposes
 13.34 under clause (i) included in the county's levy.

14.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and
14.2 thereafter.

14.3 Sec. 14. Minnesota Statutes 2014, section 276.11, subdivision 1, is amended to read:

14.4 Subdivision 1. **Generally.** As soon as practical after the settlement day determined
14.5 in section 276.09, the county treasurer shall pay to the treasurer of a town, city, school
14.6 district, or special district, on the warrant of the county auditor, all receipts of taxes levied
14.7 by the taxing district and deliver up all orders and other evidences of indebtedness of
14.8 the taxing district, taking triplicate receipts for them. The treasurer shall file one of the
14.9 receipts with the county auditor, and shall return one by mail on the day of its receipt to
14.10 the clerk of the town, city, school district, or special district to which payment was made.
14.11 The clerk shall keep the receipt in the clerk's office. Upon written request of the taxing
14.12 district, to the extent practicable, the county treasurer shall make partial payments of
14.13 amounts collected periodically in advance of the next settlement and distribution. A
14.14 statement prepared by the county treasurer must accompany each payment. It must state
14.15 the years for which taxes included in the payment were collected and, for each year, the
14.16 amount of the taxes and any penalties on the tax. Upon written request of a taxing district,
14.17 except school districts, the county treasurer shall pay at least 70 percent of the estimated
14.18 collection within 30 days after the settlement date determined in section 276.09. Within
14.19 seven eight business days after the due date, or 28 calendar days after the postmark date
14.20 on the envelopes containing real or personal property tax statements, whichever is latest,
14.21 the county treasurer shall pay to the treasurer of the school districts 50 percent of the
14.22 estimated collections arising from taxes levied by and belonging to the school district,
14.23 unless the school district elects to receive 50 percent of the estimated collections arising
14.24 from taxes levied by and belonging to the school district after making a proportionate
14.25 reduction to reflect any loss in collections as the result of any delay in mailing tax
14.26 statements. In that case, 50 percent of those adjusted, estimated collections shall be paid
14.27 by the county treasurer to the treasurer of the school district within seven business days of
14.28 the due date. The remaining 50 percent of the estimated collections must be paid to the
14.29 treasurer of the school district within the next seven business days of the later of the dates
14.30 in the preceding sentence, unless the school district elects to receive the remainder of its
14.31 estimated collections after a proportionate reduction has been made to reflect any loss in
14.32 collections as the result of any delay in mailing tax statements. In that case, the remaining
14.33 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to
14.34 the treasurer of the school district within 14 days of the due date. The treasurer shall pay
14.35 the balance of the amounts collected to a municipal corporation or other body within 60

15.1 days after the settlement date determined in section 276.09. After 45 days interest at an
 15.2 annual rate of eight percent accrues and must be paid to the taxing district. Interest must
 15.3 be paid upon appropriation from the general revenue fund of the county. If not paid, it
 15.4 may be recovered by the taxing district, in a civil action.

15.5 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2017
 15.6 and thereafter.

15.7 Sec. 15. Minnesota Statutes 2014, section 276.111, is amended to read:

15.8 **276.111 DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.**

15.9 Within ~~seven~~ eight business days after October 15, the county treasurer shall pay to
 15.10 the school districts 50 percent of the estimated collections arising from taxes levied by
 15.11 and belonging to the school district from the settlement day determined in section 276.09
 15.12 to October 20. The remaining 50 percent of the estimated tax collections must be paid
 15.13 to the school district within the next seven business days. Within ~~ten~~ 11 business days
 15.14 after November 15, the county treasurer shall pay to the school district 100 percent of the
 15.15 estimated collections arising from taxes levied by and belonging to the school districts
 15.16 from October 20 to November 20.

15.17 Within ~~ten~~ 11 business days after November 15, the county treasurer shall pay to
 15.18 each taxing district, except any school district, 100 percent of the estimated collections
 15.19 arising from taxes levied by and belonging to each taxing district from the settlement day
 15.20 determined in section 276.09 to November 20.

15.21 On or before January 5, the county treasurer shall make full settlement with the
 15.22 county auditor of all receipts collected from the settlement day determined in section
 15.23 276.09 to December 31. After subtracting any tax distributions that have been made to
 15.24 the taxing districts in October and November, the treasurer shall pay to each of the taxing
 15.25 districts on or before January 25, the balance of the tax amounts collected on behalf of
 15.26 each taxing district. Interest accrues at an annual rate of eight percent and must be paid to
 15.27 the taxing district if this final settlement amount is not paid by January 25. Interest must
 15.28 be paid upon appropriation from the general revenue fund of the county. If not paid, it
 15.29 may be recovered by the taxing district in a civil action.

15.30 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2017
 15.31 and thereafter.

15.32 Sec. 16. Minnesota Statutes 2014, section 278.12, is amended to read:

15.33 **278.12 REFUNDS OF OVERPAYMENT.**

16.1 If upon final determination the petitioner has paid more than the amount so
 16.2 determined to be due, judgment shall be entered in favor of the petitioner for such excess,
 16.3 and upon filing a copy thereof with the county auditor the auditor shall forthwith draw a
 16.4 warrant upon the county treasurer for the payment thereof; provided that, with the consent
 16.5 of the petitioner, the county auditor may, in lieu of drawing such warrant, issue to the
 16.6 petitioner a certificate stating the amount of such judgment, which amount may be used
 16.7 to apply upon any taxes due or to become due over a prescribed period of years for the
 16.8 taxing district or districts whose taxes or assessments are reduced, or their successors in
 16.9 the event of a reorganization or reincorporation of any such taxing district. In the event the
 16.10 auditor shall issue a warrant for refund or certificates, the amount thereof shall be charged
 16.11 to the state and other taxing districts in proportion to the amount of their respective taxes
 16.12 included in the levy and deduct the same in the subsequent distribution of any tax proceeds
 16.13 to the state or such taxing districts, and upon receiving any such certificate in payment of
 16.14 other taxes, the amount thereof shall be distributed to the state and other taxing districts
 16.15 in proportion to the amount of their respective taxes included in the levy; provided that
 16.16 if in the judgment the levy of one or more of the districts be found to be illegal, to the
 16.17 extent that the tax so levied is reduced on account of the illegal levies, the amount to be
 16.18 charged back shall be charged to the districts and the amount thereof deducted from
 16.19 any distributions thereafter made to them.

16.20 **EFFECTIVE DATE.** This section is effective for refunds for overpayment of taxes
 16.21 payable in 2016 and thereafter.

16.22 Sec. 17. Minnesota Statutes 2014, section 278.14, subdivision 1, is amended to read:

16.23 Subdivision 1. **Applicability.** A county must pay a refund of a mistakenly billed
 16.24 tax as provided in this section. As used in this section, "mistakenly billed tax" means an
 16.25 amount of property tax that was billed, to the extent the amount billed exceeds the accurate
 16.26 tax amount due to a ~~misclassification of the owner's property under section 273.13 or a~~
 16.27 mathematical error in the calculation of the tax on the owner's property, together with
 16.28 any penalty or interest paid on that amount. This section applies only to taxes payable
 16.29 in the current year and the two prior years. As used in this section, "mathematical error"
 16.30 is limited to an error in:

16.31 (1) converting the market value of a property to tax capacity or to a referendum
 16.32 market value;

16.33 (2) application of the tax rate as computed by the auditor under sections 275.08,
 16.34 subdivisions 1b, 1c, and 1d; 276A.06, subdivisions 4 and 5; and 473F.07, subdivisions 4
 16.35 and 5, to the property's tax capacity or referendum market value; or

17.1 (3) calculation of or eligibility for a credit.

17.2 ~~The remedy provided under this section does not apply to a misclassification under~~
 17.3 ~~section 273.13 that is due to the failure of the property owner to apply for the correct~~
 17.4 ~~classification as required by law.~~

17.5 **EFFECTIVE DATE.** This section is effective based on property taxes payable in
 17.6 2017 and thereafter.

17.7 Sec. 18. Minnesota Statutes 2014, section 279.01, subdivision 1, is amended to read:

17.8 Subdivision 1. **Due dates; penalties.** ~~Except as provided in subdivisions 3 to 5,~~
 17.9 ~~on May 16 or 21 days after the postmark date on the envelope containing the property~~
 17.10 ~~tax statement, whichever is later, a penalty accrues and thereafter is charged upon all~~
 17.11 ~~unpaid taxes on real estate on the current lists in the hands of the county treasurer. The~~
 17.12 (a) When the taxes against any tract or lot exceed \$100, one-half of the amount of tax
 17.13 due must be paid prior to May 16, and the remaining one-half must be paid prior to the
 17.14 following October 16. If either tax amount is unpaid as of its due date, a penalty is
 17.15 imposed at a rate of two percent on homestead property until May 31 and four percent
 17.16 on nonhomestead property. If complete payment has not been made by the first day of
 17.17 the month following either due date, an additional penalty of two percent on June 1. The
 17.18 penalty on nonhomestead property is at a rate of four percent until May 31 homestead
 17.19 property and eight four percent on June 1. This penalty does not accrue until June 1 of
 17.20 each year, or 21 days after the postmark date on the envelope containing the property
 17.21 tax statements, whichever is later, on commercial use real property used for seasonal
 17.22 residential recreational purposes and classified as class 1e or 4e, and on other commercial
 17.23 use real property classified as class 3a, provided that over 60 percent of the gross income
 17.24 earned by the enterprise on the class 3a property is earned during the months of May,
 17.25 June, July, and August. In order for the first half of the tax due on class 3a property to be
 17.26 paid after May 15 and before June 1, or 21 days after the postmark date on the envelope
 17.27 containing the property tax statement, whichever is later, without penalty, the owner of
 17.28 the property must attach an affidavit to the payment attesting to compliance with the
 17.29 income provision of this subdivision nonhomestead property is imposed. Thereafter,
 17.30 for both homestead and nonhomestead property, on the first day of each subsequent
 17.31 month beginning July 1, up to and including October 1 following through December, an
 17.32 additional penalty of one percent for each month accrues and is charged on all such unpaid
 17.33 taxes provided that if the due date was extended beyond May 15 as the result of any delay
 17.34 in mailing property tax statements no additional penalty shall accrue if the tax is paid by
 17.35 the extended due date. If the tax is not paid by the extended due date, then all penalties

18.1 ~~that would have accrued if the due date had been May 15 shall be charged. When the taxes~~
18.2 ~~against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or~~
18.3 ~~21 days after the postmark date on the envelope containing the property tax statement,~~
18.4 ~~whichever is later; and, if so paid, no penalty attaches; the remaining one-half may be~~
18.5 ~~paid at any time prior to October 16 following, without penalty; but, if not so paid, then~~
18.6 ~~a penalty of two percent accrues thereon for homestead property and a penalty of four~~
18.7 ~~percent on nonhomestead property. Thereafter, for homestead property, on the first day of~~
18.8 ~~November an additional penalty of four percent accrues and on the first day of December~~
18.9 ~~following, an additional penalty of two percent accrues and is charged on all such unpaid~~
18.10 ~~taxes. Thereafter, for nonhomestead property, on the first day of November and December~~
18.11 ~~following, an additional penalty of four percent for each month accrues and is charged on~~
18.12 ~~all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days~~
18.13 ~~after the postmark date on the envelope containing the property tax statement, whichever~~
18.14 ~~is later, the same may be paid at any time prior to October 16, with accrued penalties to the~~
18.15 ~~date of payment added, and thereupon no penalty attaches to the remaining one-half until~~
18.16 ~~October 16 following the penalty must not exceed eight percent in the case of homestead~~
18.17 ~~property, or 12 percent in the case of nonhomestead property.~~

18.18 (b) If the property tax statement was not postmarked prior to April 25, the first
18.19 half payment due date in paragraph (a) shall be 21 days from the postmark date of the
18.20 property tax statement, and all penalties referenced in paragraph (a) shall be determined
18.21 with regard to the later due date.

18.22 (c) In the case of a tract or lot with taxes of \$100 or less, the due date and penalties
18.23 as specified in paragraph (a) or (b) for the first half payment shall apply to the entire
18.24 amount of the tax due.

18.25 (d) For commercial use real property used for seasonal residential recreational
18.26 purposes and classified as class 1c or 4c, and on other commercial use real property
18.27 classified as class 3a, provided that over 60 percent of the gross income earned by the
18.28 enterprise on the class 3a property is earned during the months of May, June, July, and
18.29 August, penalty does not accrue until June 1 of each year. For a class 3a property to
18.30 qualify for the later due date, the owner of the property must attach an affidavit to the
18.31 payment attesting to compliance with the income requirements of this paragraph.

18.32 (e) This section applies to payment of personal property taxes assessed against
18.33 improvements to leased property, except as provided by section 277.01, subdivision 3.

18.34 (f) A county may provide by resolution that in the case of a property owner that has
18.35 multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in
18.36 installments as provided in this subdivision.

19.1 (g) The county treasurer may accept payments of more or less than the exact amount
 19.2 of a tax installment due. Payments must be applied first to the oldest installment that is due
 19.3 but which has not been fully paid. If the accepted payment is less than the amount due,
 19.4 payments must be applied first to the penalty accrued for the year or the installment being
 19.5 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum
 19.6 payment required as a condition for filing an appeal under section 278.03 or any other law,
 19.7 nor does it affect the order of payment of delinquent taxes under section 280.39.

19.8 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

19.9 Sec. 19. Minnesota Statutes 2014, section 279.01, subdivision 2, is amended to read:

19.10 Subd. 2. **Abatement of penalty.** (a) The county board may, with the concurrence
 19.11 of the county treasurer, delegate to the county treasurer the power to abate the penalty
 19.12 provided for late payment of taxes in the current year. Notwithstanding section 270C.86,
 19.13 if any county board so elects, the county treasurer may abate the penalty on finding that
 19.14 the imposition of the penalty would be unjust and unreasonable.

19.15 (b) The county treasurer shall abate the penalty provided for late payment of taxes in
 19.16 the current year if the property tax payment is delivered by mail to the county treasurer
 19.17 and the envelope containing the payment is postmarked by the United States Postal
 19.18 Service within one business day of the due date prescribed under this section, but only if
 19.19 the property owner requesting the abatement has not previously received an abatement
 19.20 of penalty for late payment of tax under this paragraph.

19.21 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2017
 19.22 and thereafter.

19.23 Sec. 20. Minnesota Statutes 2014, section 279.01, subdivision 3, is amended to read:

19.24 Subd. 3. **Agricultural property.** ~~(a)~~ In the case of class 1b agricultural homestead,
 19.25 class 2a agricultural homestead property, and class 2a agricultural nonhomestead property,
 19.26 no penalties shall attach to the second one-half property tax payment as provided in this
 19.27 section if paid by November 15. Thereafter ~~for class 1b agricultural homestead and class~~
 19.28 ~~2a homestead property, on November 16 following, a penalty of six percent shall accrue~~
 19.29 ~~and be charged on all such unpaid taxes and on December 1 following, an additional two~~
 19.30 ~~percent shall be charged on all such unpaid taxes. Thereafter for class 2a agricultural~~
 19.31 ~~nonhomestead property, on November 16 following, a penalty of eight percent shall accrue~~
 19.32 ~~and be charged on all such unpaid taxes and on December 1 following, an additional four~~

20.1 ~~percent shall be charged on all such unpaid taxes,~~ penalties shall attach as provided in
 20.2 subdivision 1.

20.3 If the owner of class 1b agricultural homestead or class 2a agricultural property
 20.4 receives a consolidated property tax statement that shows only an aggregate of the taxes
 20.5 and special assessments due on that property and on other property not classified as class
 20.6 1b agricultural homestead or class 2a agricultural property, the aggregate tax and special
 20.7 assessments shown due on the property by the consolidated statement will be due on
 20.8 November 15.

20.9 ~~(b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class~~
 20.10 ~~2b property that was subject to a second-half due date of November 15 for taxes payable~~
 20.11 ~~in 2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess~~
 20.12 ~~of those that would apply as if the second-half due date were November 15.~~

20.13 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

20.14 Sec. 21. Minnesota Statutes 2014, section 279.03, subdivision 2, is amended to read:

20.15 Subd. 2. **Rate for composite judgment; rate for homestead composite judgment,**
 20.16 **repurchase of forfeited homestead property, and sale of forfeited property.** (a) Except
 20.17 as provided in paragraph (b), amounts included in composite judgments authorized
 20.18 by section 279.37, subdivision 1, are subject to interest at the rate calculated under
 20.19 subdivision 1a. During each calendar year, interest shall accrue on the unpaid balance
 20.20 of the composite judgment from the time it is confessed until it is paid. The interest rate
 20.21 established at the time the judgment is confessed is fixed for the duration of that judgment.

20.22 (b) The following amounts are subject to interest as provided in paragraph (c):

20.23 (1) amounts included in composite judgments on parcels classified as 1a or 1b
 20.24 and used as the homestead of the owner;

20.25 (2) amounts in contracts for repurchase of property classified as 1a or 1b at the time
 20.26 of forfeiture or at the time that the repurchase application is approved; and

20.27 (3) sales of forfeited property pursuant to section 282.01, subdivision 4.

20.28 ~~(b) A confession of judgment covering any part of a parcel classified as 1a or 1b,~~
 20.29 ~~and used as the homestead of the owner, is subject to interest at the rate provided in~~
 20.30 ~~section 279.37, subdivision 2, paragraph (b). This paragraph does not apply to a relative~~
 20.31 ~~homestead under section 273.124, subdivision 1, paragraph (c).~~

20.32 (c) By October 15 each year the commissioner shall set the interest rate under this
 20.33 subdivision at the greater of five percent or two percent above the prime rate charged
 20.34 by banks during the six-month period ending on September 30 of that year, rounded to
 20.35 the nearest full percent, provided that the rate must not exceed the maximum annum

21.1 rate specified under section 279.03, subdivision 1a. By November 1 of each year the
 21.2 commissioner must certify the rate to the county auditor. The rate of interest becomes
 21.3 effective on January 1 of the immediately succeeding year. The commissioner's
 21.4 determination under this subdivision is not a rule subject to the Administrative Procedure
 21.5 Act in chapter 14, including section 14.386.

21.6 (d) For the purposes of this subdivision, "prime rate charged by banks" means the
 21.7 average predominant prime rate quoted by commercial banks to large businesses, as
 21.8 determined by the Board of Governors of the Federal Reserve System.

21.9 **EFFECTIVE DATE.** This section is effective for composite judgments, repurchase
 21.10 contracts, and sales of forfeited property occurring after January 1, 2017.

21.11 Sec. 22. Minnesota Statutes 2014, section 279.37, subdivision 2, is amended to read:

21.12 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to
 21.13 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
 21.14 make and file with the county auditor of the county in which the parcel is located a written
 21.15 offer to pay the current taxes each year before they become delinquent, or to contest
 21.16 the taxes under chapter 278 and agree to confess judgment for the amount provided, as
 21.17 determined by the county auditor. By filing the offer, the owner waives all irregularities
 21.18 in connection with the tax proceedings affecting the parcel and any defense or objection
 21.19 which the owner may have to the proceedings, and also waives the requirements of any
 21.20 notice of default in the payment of any installment or interest to become due pursuant to
 21.21 the composite judgment to be so entered. Unless the property is subject to subdivision 1a,
 21.22 with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes,
 21.23 costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the
 21.24 time the confession of judgment is entered. In the offer, the owner shall agree to pay the
 21.25 balance in nine equal installments, with interest as provided in section 279.03, payable
 21.26 annually on installments remaining unpaid from time to time, on or before December 31
 21.27 of each year following the year in which judgment was confessed.

21.28 ~~(b) For property which qualifies under section 279.03, subdivision 2, paragraph (b),~~
 21.29 ~~each year the commissioner shall set the interest rate for offers made under paragraph (a)~~
 21.30 ~~at the greater of five percent or two percent above the prime rate charged by banks during~~
 21.31 ~~the six-month period ending on September 30 of that year, rounded to the nearest full~~
 21.32 ~~percent, provided that the rate must not exceed the maximum annum rate specified under~~
 21.33 ~~section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the~~
 21.34 ~~immediately succeeding year. The commissioner's determination under this subdivision is~~
 21.35 ~~not a rule subject to the Administrative Procedure Act in chapter 14, including section~~

22.1 ~~14.386. If a default occurs in the payments under any confessed judgment entered under~~
 22.2 ~~this paragraph, the taxes and penalties due are subject to the interest rate specified in section~~
 22.3 ~~279.03. Amounts entered in judgment bear interest at the rate provided in section 279.03,~~
 22.4 ~~subdivision 1a, unless the parcel is classified as 1a or 1b, and is used as the homestead of~~
 22.5 ~~the owner, in which case the rate provided in section 279.03, subdivision 2, shall apply.~~
 22.6 ~~A parcel that is classified as relative homestead under section 273.124, subdivision 1,~~
 22.7 ~~paragraph (c), is subject to interest at the rate provided in section 279.03, subdivision 1a.~~

22.8 (c) Interest shall commence with the date the judgment is entered. During each
 22.9 calendar year, interest shall accrue on the unpaid balance of the composite judgment
 22.10 from the time it is confessed until it is paid. The interest rate established at the time the
 22.11 judgment is confessed is fixed for the duration of that judgment.

22.12 (d) If a default occurs in the payments under any confessed judgment, the taxes and
 22.13 penalties due are subject to the interest rate specified in section 279.03, subdivision 1a,
 22.14 regardless of the classification of the parcel. For the purposes of this subdivision:

22.15 (1) the term "prime rate charged by banks" means the average predominant prime
 22.16 rate quoted by commercial banks to large businesses, as determined by the Board of
 22.17 Governors of the Federal Reserve System; and

22.18 (2) "default" means the cancellation of the confession of judgment due to
 22.19 nonpayment of the current year tax or failure to make any installment payment required by
 22.20 this confessed judgment within 60 days from the date on which payment was due.

22.21 ~~(e) The interest rate established at the time judgment is confessed is fixed for the~~
 22.22 ~~duration of the judgment. By October 15 of each year, the commissioner of revenue must~~
 22.23 ~~determine the rate of interest as provided under paragraph (b) and, by November 1 of each~~
 22.24 ~~year, must certify the rate to the county auditor.~~

22.25 ~~(d)~~ (e) A qualified property owner eligible to enter into a second confession of
 22.26 judgment may do so at the interest rate provided in paragraph (b).

22.27 ~~(e) Repurchase agreements or contracts for repurchase for properties being~~
 22.28 ~~repurchased under section 282.261 are not eligible to receive the interest rate under~~
 22.29 ~~paragraph (b).~~

22.30 (f) The offer must be substantially as follows:

22.31 "To the court administrator of the district court of county, I,,
 22.32 am the owner of the following described parcel of real estate located in
 22.33 county, Minnesota:

22.34 Upon that real estate there are delinquent taxes for the year, and
 22.35 prior years, as follows: (here insert year of delinquency and the total amount of delinquent
 22.36 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment

23.1 in the sum of \$..... and waive all irregularities in the tax proceedings affecting these
 23.2 taxes and any defense or objection which I may have to them, and direct judgment to be
 23.3 entered for the amount stated above, minus the sum of \$....., to be paid with this
 23.4 document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and
 23.5 interest stated above. I agree to pay the balance of the judgment in nine or four equal,
 23.6 annual installments, with interest as provided in section 279.03, payable annually, on the
 23.7 installments remaining unpaid. I agree to pay the installments and interest on or before
 23.8 December 31 of each year following the year in which this judgment is confessed and
 23.9 current taxes each year before they become delinquent, or within 30 days after the entry of
 23.10 final judgment in proceedings to contest the taxes under chapter 278.

23.11 Dated,"

23.12 **EFFECTIVE DATE.** This section is effective for sales and repurchases occurring
 23.13 after January 1, 2017.

23.14 Sec. 23. Minnesota Statutes 2014, section 282.01, subdivision 4, is amended to read:

23.15 Subd. 4. **Sale: method, requirements, effects.** The sale authorized under
 23.16 subdivision 3 must be conducted by the county auditor at the county seat of the county in
 23.17 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may
 23.18 be conducted in any county facility within the county. The sale must not be for less than
 23.19 the appraised value except as provided in subdivision 7a. The parcels must be sold for
 23.20 cash only, unless the county board of the county has adopted a resolution providing for
 23.21 their sale on terms, in which event the resolution controls with respect to the sale. When
 23.22 the sale is made on terms other than for cash only (1) a payment of at least ten percent
 23.23 of the purchase price must be made at the time of purchase, and the balance must be
 23.24 paid in no more than ten equal annual installments, or (2) the payments must be made
 23.25 in accordance with county board policy, but in no event may the board require more
 23.26 than 12 installments annually, and the contract term must not be for more than ten years.
 23.27 Standing timber or timber products must not be removed from these lands until an amount
 23.28 equal to the appraised value of all standing timber or timber products on the lands at the
 23.29 time of purchase has been paid by the purchaser. If a parcel of land bearing standing
 23.30 timber or timber products is sold at public auction for more than the appraised value, the
 23.31 amount bid in excess of the appraised value must be allocated between the land and the
 23.32 timber in proportion to their respective appraised values. In that case, standing timber or
 23.33 timber products must not be removed from the land until the amount of the excess bid
 23.34 allocated to timber or timber products has been paid in addition to the appraised value of

24.1 the land. The purchaser is entitled to immediate possession, subject to the provisions of
 24.2 any existing valid lease made in behalf of the state.

24.3 ~~For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price~~
 24.4 ~~is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance~~
 24.5 ~~of the purchase price for sales occurring after December 31, 1990, is subject to interest~~
 24.6 ~~at the rate determined provided in section 279.03, subdivision 1a 2, paragraph (b). The~~
 24.7 ~~interest rate is subject to change each year on the unpaid balance in the manner provided~~
 24.8 ~~for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable.~~
 24.9 ~~Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable~~
 24.10 ~~at the rate applicable to the sale at the time that the sale occurred.~~

24.11 **EFFECTIVE DATE.** This section is effective for sales occurring after January
 24.12 1, 2017.

24.13 Sec. 24. Minnesota Statutes 2014, section 282.261, subdivision 2, is amended to read:

24.14 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved
 24.15 by the county board for property classified as 1a or 1b and used as the homestead of the
 24.16 owner at the time of forfeiture or at the time that the repurchase application is approved is
 24.17 subject to interest at the rate determined in section 279.03, subdivision 1a 2. The interest
 24.18 rate is subject to change each year on the unpaid balance in the manner provided for rate
 24.19 changes in section 279.03, subdivision 1a. The unpaid balance on any other repurchase
 24.20 contract approved by the county board is subject to interest at the rate determined in
 24.21 section 279.03, subdivision 1a, which is subject to change each year in the manner
 24.22 provided for in section 279.03, subdivision 1a.

24.23 **EFFECTIVE DATE.** This section is effective for repurchases occurring after
 24.24 January 1, 2017.

24.25 Sec. 25. Minnesota Statutes 2014, section 473H.09, is amended to read:

24.26 **473H.09 EARLY TERMINATION.**

24.27 **Subdivision 1. Public emergency.** Termination of an agricultural preserve earlier
 24.28 than a date derived through application of section 473H.08 may be permitted ~~only~~ in the
 24.29 event of a public emergency upon petition from the owner or authority to the governor.
 24.30 The determination of a public emergency shall be by the governor through executive order
 24.31 pursuant to sections 4.035 and 12.01 to 12.46. The executive order shall identify the
 24.32 preserve, the reasons requiring the action and the date of termination.

25.1 Subd. 2. **Death of owner.** (a) Within 180 days of the death of an owner, an owner's
 25.2 spouse, or other qualifying person, the surviving owner may elect to terminate the
 25.3 agricultural preserve and the covenant allowing the land to be enrolled as an agricultural
 25.4 preserve by notifying the authority on a form provided by the commissioner of agriculture.
 25.5 Termination of a covenant under this subdivision must be executed and acknowledged in
 25.6 the manner required by law to execute and acknowledge a deed.

25.7 (b) For purposes of this subdivision, the following definitions apply:

25.8 (1) "qualifying person" includes a partner, shareholder, trustee for a trust that the
 25.9 decedent was the settlor or a beneficiary of, or member of an entity permitted to own
 25.10 agricultural land and engage in farming under section 500.24 that owned the agricultural
 25.11 preserve; and

25.12 (2) "surviving owner" includes the executor of the estate of the decedent, the trustee
 25.13 for a trust that the decedent was the settlor or a beneficiary of, or an entity permitted to
 25.14 own farm land under section 500.24 of which the decedent was a partner, shareholder, or
 25.15 member.

25.16 (c) When an agricultural preserve is terminated under this subdivision, the property
 25.17 is subject to additional taxes in an amount equal to 50 percent of the taxes actually
 25.18 levied against the property for the current taxes payable year. The additional taxes are
 25.19 extended against the property on the tax list for taxes payable in the current year. The
 25.20 additional taxes must be distributed among the jurisdictions levying taxes on the property
 25.21 in proportion to the current year's taxes.

25.22 **EFFECTIVE DATE.** This section is effective July 1, 2016.

25.23 Sec. 26. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243,
 25.24 article 6, section 9, Laws 2000, chapter 490, article 6, section 15, Laws 2008, chapter 154,
 25.25 article 2, section 30, and Laws 2013, chapter 143, article 4, section 33, is amended to read:

25.26 **Sec. 3. TAX; PAYMENT OF EXPENSES.**

25.27 (a) The tax levied by the hospital district under Minnesota Statutes, section 447.34,
 25.28 must not be levied at a rate that exceeds the amount authorized to be levied under that
 25.29 section. The proceeds of the tax may be used for all purposes of the hospital district,
 25.30 except as provided in paragraph (b).

25.31 (b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used by
 25.32 the Cook ambulance service and the Orr ambulance service for the purpose of:

25.33 (1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance
 25.34 service;

25.35 (2) attached and portable equipment for use in and for the ambulances; and

26.1 (3) parts and replacement parts for maintenance and repair of the ambulances, and
 26.2 administrative, operation, or salary expenses for the Cook ambulance service and the
 26.3 Orr ambulance service.

26.4 ~~The money may not be used for administrative, operation, or salary expenses.~~

26.5 (c) The part of the levy referred to in paragraph (b) must be administered by the
 26.6 Cook Hospital and passed on in equal amounts directly to the Cook area ambulance
 26.7 service board and the city of Orr to be used for the purposes in paragraph (b).

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

26.9 Sec. 27. Laws 1996, chapter 471, article 3, section 51, is amended to read:

26.10 Sec. 51. **RECREATION LEVY FOR SAWYER BY CARLTON COUNTY.**

26.11 ~~Subdivision 1. **Levy authorized.** Notwithstanding other law to the contrary, the~~
 26.12 ~~Carlton county board of commissioners may levy in and for the unorganized township of~~
 26.13 ~~Sawyer an amount up to \$1,500 \$2,000 annually for recreational purposes, ~~beginning with~~~~
 26.14 ~~taxes payable in 1997 and ending with taxes payable in 2006.~~

26.15 ~~Subd. 2. **Effective date.** This section is effective June 1, 1996, without local~~
 26.16 ~~approval.~~

26.17 **EFFECTIVE DATE.** This section is effective the day after the Carlton County
 26.18 Board of Commissioners and its chief clerical officer comply with section 645.021,
 26.19 subdivisions 2 and 3, and applies to taxes payable in 2017.

26.20 Sec. 28. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by
 26.21 Laws 2013, chapter 143, article 4, section 36, is amended to read:

26.22 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by
 26.23 resolution of each of their governing bodies, may establish the Cloquet Area Fire and
 26.24 Ambulance Special Taxing District for the purpose of providing fire or ambulance
 26.25 services, or both, throughout the district. In this section, "municipality" means home rule
 26.26 charter and statutory cities, towns, and Indian tribes. The district may exercise all the
 26.27 powers relating to fire and ambulance services of the municipalities that receive fire or
 26.28 ambulance services, or both, from the district. Upon application, any other municipality
 26.29 may join the district with the agreement of the municipalities that comprise the district at
 26.30 the time of its application to join.

26.31 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
 26.32 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
 26.33 governing body of each.

27.1 Sec. 29. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

27.2 Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District
 27.3 Board is governed by a board made up initially of one or more elected officials of the
 27.4 governing body of each participating municipality in the proportions set out in the
 27.5 establishing resolution, subject to change as provided in the district's charter, if any, or
 27.6 in the district's bylaws. Each municipality's representatives serve at the pleasure of that
 27.7 municipality's governing body.

27.8 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
 27.9 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
 27.10 governing body of each.

27.11 Sec. 30. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by
 27.12 Laws 2013, chapter 143, article 4, section 37, is amended to read:

27.13 Subd. 3. **Tax.** (a) The district board may impose a property tax on taxable property
 27.14 as provided in this subdivision to pay the costs of providing fire or ambulance services,
 27.15 or both, throughout the district. The board shall annually determine the total amount of
 27.16 the levy that is attributable to the cost of providing fire services and the cost of providing
 27.17 ambulance services within the primary service area. For those municipalities that only
 27.18 receive ambulance services, the costs for the provision of ambulance services shall
 27.19 be levied against taxable property within those municipalities at a rate necessary not to
 27.20 exceed 0.019 percent of the estimated market value. For those municipalities that receive
 27.21 both fire and ambulance services, the tax shall be imposed at a rate that does not exceed
 27.22 0.2835 percent of estimated market value.

27.23 (b) When a member municipality opts to receive fire service from the district or
 27.24 an additional municipality becomes a member of the district, the cost of providing fire
 27.25 services to that community shall be determined by the board and added to the maximum
 27.26 levy amount.

27.27 (c) Each county auditor of a county that contains a municipality subject to the tax
 27.28 under this section must collect the tax and pay it to the Fire and Ambulance Special Taxing
 27.29 District. The district may also impose other fees or charges as allowed by law for the
 27.30 provision of fire and ambulance services.

27.31 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
 27.32 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
 27.33 governing body of each.

28.1 Sec. 31. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

28.2 Subd. 4. **Public indebtedness.** (a) The district may incur debt in the manner
28.3 provided for a municipality by Minnesota Statutes, chapter 475, and may issue certificates
28.4 of indebtedness or capital notes in the manner provided for a city by Minnesota Statutes,
28.5 section 412.301, when necessary to accomplish its duties, except that the district may
28.6 not incur debt or issue obligations until first obtaining the approval of a majority of the
28.7 electors voting on the question of issuing the obligation. The debt service for debt used to
28.8 finance capital costs for ambulance service shall be levied against taxable property within
28.9 the municipalities in the primary service area. The debt service for debt used to finance
28.10 capital costs for fire service shall be levied against taxable property within municipalities
28.11 receiving fire services. The district board shall pledge its full faith and credit and taxing
28.12 power without limitation as to rate or amount for the payment of the district's debt.

28.13 (b) For purposes of this subdivision, "municipality" has the definition given in
28.14 Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph
28.15 (c).

28.16 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
28.17 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
28.18 governing body of each.

28.19 Sec. 32. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

28.20 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district
28.21 may be given only in the month of January, with a minimum of twelve months notice of
28.22 intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision
28.23 3 in the year when the notice is given. A property tax on taxable property located in a
28.24 withdrawing municipality that has been levied by the district pursuant to subdivision 4
28.25 remains in effect until the obligations outstanding on the date of withdrawal are satisfied,
28.26 including any property tax levied in connection with refunding such obligations. The
28.27 district and its members may also develop and agree upon other continuing obligations
28.28 after withdrawal of a municipality.

28.29 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
28.30 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
28.31 governing body of each.

28.32 Sec. 33. **2016 TOWNSHIP BOARD APPEALS AND EQUALIZATION COURSE**
28.33 **WAIVER.**

29.1 If a city or town that conducts local board of appeal and equalization meetings
 29.2 certified by February 1, 2016, that it was in compliance with the requirements of
 29.3 Minnesota Statutes, section 274.014, subdivision 2, but no member of the local board
 29.4 who has attended an appeal and equalization course training within the preceding four
 29.5 years attended the local board's meeting for 2016, that local board shall have its powers
 29.6 reinstated for the 2017 assessment by resolution of the governing body of the city or
 29.7 town, and by certifying it is in compliance with the requirements of Minnesota Statutes,
 29.8 section 274.014, subdivision 2. The resolution and certification must be provided to
 29.9 the county assessor by February 1, 2017.

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

29.11 Sec. 34. **TOWN OF TOFTE; MUNICIPAL HOUSING.**

29.12 (a) Notwithstanding the provisions of Laws 1988, chapter 516, and Laws 1988,
 29.13 chapter 719, article 19, section 27, the town of Tofte may own and operate within its
 29.14 boundary up to 12 units of housing for individuals over 55 years of age or families with
 29.15 one member of the household that is over 55 years of age, or projects that provide housing
 29.16 for individuals or families with incomes not greater than 120 percent of the median
 29.17 family income, as estimated by the United States Department of Housing and Urban
 29.18 Development for the nonmetropolitan county in which the town of Tofte is located.

29.19 (b) The town of Tofte shall have the powers of a city under Minnesota Statutes,
 29.20 chapter 462C, and the powers of an authority under Minnesota Statutes, sections 469.001
 29.21 to 469.047, with respect to this section. Upon the approval of the town board, the town of
 29.22 Tofte may levy the tax described in Minnesota Statutes, section 469.033, subdivision 6.

29.23 (c) Nothing in this section shall limit the power of the Cook County/Grand Marais
 29.24 Joint Economic Development Authority to exercise jurisdiction within the town of Tofte.
 29.25 The authority to undertake new projects under this section shall expire on June 30, 2017.

29.26 **EFFECTIVE DATE.** This section is effective the day after compliance by
 29.27 the governing body of the town of Tofte with Minnesota Statutes, section 645.021,
 29.28 subdivisions 2 and 3.

29.29 Sec. 35. **SOCCER STADIUM PROPERTY TAX EXEMPTION; SPECIAL**
 29.30 **ASSESSMENT.**

29.31 Any real or personal property acquired, owned, leased, controlled, used, or occupied
 29.32 by the city of St. Paul for the primary purpose of providing a stadium for a Major League
 29.33 Soccer team is declared to be acquired, owned, leased, controlled, used, and occupied for

30.1 public, governmental, and municipal purposes, and is exempt from ad valorem taxation by
 30.2 the state or any political subdivision of the state, provided that the properties are subject to
 30.3 special assessments levied by a political subdivision for a local improvement in amounts
 30.4 proportionate to and not exceeding the special benefit received by the properties from the
 30.5 improvement. In determining the special benefit received by the properties, no possible
 30.6 use of any of the properties in any manner different from their intended use for providing a
 30.7 Major League Soccer stadium at the time may be considered. Notwithstanding Minnesota
 30.8 Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a
 30.9 lease or use agreement between the city and another person for uses related to the purposes
 30.10 of the operation of the stadium and related parking facilities is exempt from taxation
 30.11 regardless of the length of the lease or use agreement. This section, insofar as it provides
 30.12 an exemption or special treatment, does not apply to any real property that is leased for
 30.13 residential, business, or commercial development or other purposes different from those
 30.14 necessary to the provision and operation of the stadium.

30.15 **EFFECTIVE DATE.** This section is effective upon approval by the St. Paul City
 30.16 Council and compliance with Minnesota Statutes, section 645.021.

30.17 Sec. 36. **OPTIONAL CANCELLATION OF TAX FORFEITURE FOR CERTAIN**
 30.18 **BUILDINGS; ST. LOUIS COUNTY.**

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

30.21 (b) "Building PIN" means a parcel identification number that is assigned to a
 30.22 building and does not include the land upon which the building is located; and

30.23 (c) "Land PIN" means a parcel identification number that is assigned to land upon
 30.24 which a building associated with a building PIN is located.

30.25 Subd. 2. **Optional cancellation of tax forfeiture for buildings with building PINs.**
 30.26 Notwithstanding any law to the contrary, if any building associated with a building PIN
 30.27 and located in St. Louis County forfeits or has forfeited to the state of Minnesota before,
 30.28 on, or after the date of enactment of this section because of nonpayment of delinquent
 30.29 property taxes, special assessments, penalties, interest, or costs, the county auditor of St.
 30.30 Louis County may, with approval from the county board and the commissioner of revenue:

30.31 (1) cancel the certificate of forfeiture and set aside the forfeiture without reinstating
 30.32 the unpaid property taxes, special assessments, penalties, interest, or costs; and

31.1 (2) combine the building PIN with its associated land PIN. When this occurs, the
 31.2 land PIN is the only surviving parcel identification number, and includes both the building
 31.3 and the land upon which the building is located.

31.4 Subd. 3. **Cancellation of tax forfeiture; taxation through date of cancellation.**
 31.5 Notwithstanding any law to the contrary, if the county auditor of St. Louis County cancels
 31.6 a certificate of forfeiture and sets aside a forfeiture in accordance with subdivision 2,
 31.7 the affected building is not subject to taxation from the date of forfeiture through the
 31.8 date of cancellation.

31.9 Subd. 4. **Appropriation.** \$1,000,000 in fiscal year 2017 only is appropriated from
 31.10 the general fund to the commissioner of revenue for a grant to St. Louis County that shall
 31.11 be paid on July 1, 2016. The county may only use the grant to remove any building,
 31.12 upon the request of the landowner, after the county has complied with the provisions of
 31.13 subdivision 2.

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

31.15 Sec. 37. **LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT.**

31.16 Subdivision 1. **Abatements authorized.** (a) Notwithstanding Minnesota Statutes,
 31.17 section 375.192, the county boards of Aitkin, Crow Wing, and Mille Lacs Counties may
 31.18 grant an abatement of local property taxes for taxes payable in 2016 provided that:

31.19 (1) the property is classified as 1c, 3a (excluding utility real and personal property),
 31.20 4c(1), 4c(10), or 4c(11);

31.21 (2) on or before February 1, 2017, the taxpayer submits a written application to the
 31.22 county assessor in the county in which abatement is sought; and

31.23 (3) the taxpayer meets qualification requirements established in subdivision 3.

31.24 Subd. 2. **Appeals.** An appeal may not be taken to the Tax Court from any order
 31.25 of the county board made pursuant to the exercise of the discretionary authority granted
 31.26 in this section.

31.27 Subd. 3. **Qualification requirements.** To qualify for abatements under this section,
 31.28 a taxpayer must:

31.29 (1) be located within one of the following municipalities surrounding Lake Mille
 31.30 Lacs:

31.31 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township
 31.32 of Roosevelt;

32.1 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township
 32.2 of Malmo, or township of Lakeside; or

32.3 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township
 32.4 of East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

32.5 (2) document a reduction in gross receipts of five percent or greater between two
 32.6 successive calendar years beginning in 2010 or later; and

32.7 (3) be a business in one of the following industries, as defined within the North
 32.8 American Industry Classification System: accommodation, restaurants, bars, amusement
 32.9 and recreation, food and beverages retail, sporting goods, miscellaneous retail, general
 32.10 retail, museums, historical sites, health and personal care, gas station, general merchandise,
 32.11 business and professional membership, movies, or nonstore retailer, as determined by the
 32.12 county in consultation with the commissioner of employment and economic development.

32.13 Subd. 4. **State general levy in relief area.** The counties of Aitkin, Crow Wing, and
 32.14 Mille Lacs must refund the state general levy levied upon a property classified as 1c, 3a
 32.15 (excluding utility real and personal property), or 4c(1) that is located in the area described
 32.16 by subdivision 3, clause (1), for taxes payable in 2016. No refund may be issued to a
 32.17 taxpayer whose property taxes are delinquent.

32.18 Subd. 5. **Certification and transfer of funds.** (a) By April 1, 2017, a county
 32.19 granting a refund as required under subdivision 4 must certify the total amount of state
 32.20 general tax refunded to Mille Lacs County and the commissioner of revenue. By May 1,
 32.21 2017, Mille Lacs County must transfer an amount equal to the amount certified under this
 32.22 paragraph to the county making the certification.

32.23 (b) By April 1, 2017, a county that has received an application for an abatement
 32.24 authorized under subdivision 1 must certify to Mille Lacs County the total amount of
 32.25 abatements for which applications have been received and approved. By May 1, 2017,
 32.26 Mille Lacs County must transfer an amount equal to the amount certified under this
 32.27 paragraph to the county making the certification. If the amount appropriated under
 32.28 subdivision 6, minus the amount transferred under paragraph (a), is not sufficient to make
 32.29 the transfer required under this paragraph, Mille Lacs County must reduce the amount
 32.30 transferred to each county by a uniform percentage. By June 30, 2017, the county must
 32.31 issue refunds of local property tax amounts to qualified properties, in proportion to the
 32.32 amount received from Mille Lacs County. No refund may be issued to a taxpayer whose
 32.33 property taxes are delinquent.

32.34 (c) By August 1, 2017, Mille Lacs County must calculate the amount transferred
 32.35 under paragraphs (a) and (b), and subtract that amount from \$1,400,000 to obtain the

33.1 ongoing economic relief distribution amount, if any. This amount must be transferred to
 33.2 the counties of Aitkin, Crow Wing, and Mille Lacs in proportion to the amounts certified
 33.3 by each county under paragraphs (a) and (b). A county receiving a transfer under this
 33.4 paragraph must use the funds received to provide abatements to business properties under
 33.5 economic hardship for taxes payable in 2017, and each year thereafter until a county's
 33.6 share of the ongoing economic relief distribution amount is exhausted.

33.7 Subd. 6. **Commissioner of revenue; appropriation.** \$1,400,000 in fiscal year 2017
 33.8 is appropriated from the general fund to the commissioner of revenue for transfer to
 33.9 Mille Lacs County to make the transfers required under subdivision 5. This is a onetime
 33.10 appropriation.

33.11 Subd. 7. **Report to legislature.** The commissioner of revenue must make a
 33.12 written report to the chairs and ranking minority members of the legislative committees
 33.13 with jurisdiction over taxes stating the amount of abatements and refunds given under
 33.14 this section by taxing jurisdictions by February 1, 2018. The counties must provide the
 33.15 commissioner with the information necessary to make the report.

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

33.17 Sec. 38. **REPEALER.**

33.18 Minnesota Statutes 2014, section 272.02, subdivision 23, is repealed.

33.19 **EFFECTIVE DATE.** This section is effective for taxes payable in 2017 and
 33.20 thereafter.

33.21 **ARTICLE 2**

33.22 **AIDS AND CREDITS**

33.23 Section 1. **[273.1387] SCHOOL BUILDING BOND AGRICULTURAL CREDIT.**

33.24 Subdivision 1. **Eligibility.** All class 2a, 2b, and 2c property under section 273.13,
 33.25 subdivision 23, other than property consisting of the house, garage, and immediately
 33.26 surrounding one acre of land of an agricultural homestead, is eligible to receive the credit
 33.27 under this section.

33.28 Subd. 2. **Credit amount.** For each qualifying property, the school building bond
 33.29 agricultural credit is equal to 40 percent of the property's eligible net tax capacity
 33.30 multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

33.31 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax
 33.32 reductions allowed under this section within the county for each taxes payable year and

34.1 shall certify that amount to the commissioner of revenue as a part of the abstracts of tax
 34.2 lists submitted under section 275.29. Any prior year adjustments shall also be certified on
 34.3 the abstracts of tax lists. The commissioner shall review the certifications for accuracy,
 34.4 and may make such changes as are deemed necessary, or return the certification to the
 34.5 county auditor for correction. The credit under this section must be used to reduce the
 34.6 school district net tax capacity-based property tax as provided in section 273.1393.

34.7 Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax
 34.8 reductions granted under this section for each taxes payable year within each school
 34.9 district to the commissioner of education, who shall pay the reimbursement amounts to
 34.10 each school district as provided in section 273.1392.

34.11 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this
 34.12 section is annually appropriated from the general fund to the commissioner of education.

34.13 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

34.14 Sec. 2. Minnesota Statutes 2014, section 273.1392, is amended to read:

34.15 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

34.16 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
 34.17 conservation tax credits under section 273.119; disaster or emergency reimbursement
 34.18 under sections 273.1231 to 273.1235; ~~homestead~~ and agricultural credits under ~~section~~
 34.19 sections 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone
 34.20 property credit payments under section 469.171; and metropolitan agricultural preserve
 34.21 reduction under section 473H.10 for school districts, shall be certified to the Department
 34.22 of Education by the Department of Revenue. The amounts so certified shall be paid
 34.23 according to section 127A.45, subdivisions 9 and 13.

34.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

34.25 Sec. 3. Minnesota Statutes 2014, section 273.1393, is amended to read:

34.26 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

- 34.29 (1) disaster credit as provided in sections 273.1231 to 273.1235;
 34.30 (2) powerline credit as provided in section 273.42;
 34.31 (3) agricultural preserves credit as provided in section 473H.10;
 34.32 (4) enterprise zone credit as provided in section 469.171;
 34.33 (5) disparity reduction credit;

- 35.1 (6) conservation tax credit as provided in section 273.119;
- 35.2 (7) the school bond credit, as provided in section 273.1387;
- 35.3 (8) agricultural credit as provided in section 273.1384;
- 35.4 ~~(8)~~ (9) taconite homestead credit as provided in section 273.135;
- 35.5 ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391; and
- 35.6 ~~(10)~~ (11) the bovine tuberculosis zone credit, as provided in section 273.113.
- 35.7 The combination of all property tax credits must not exceed the gross tax amount.

35.8 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

35.9 Sec. 4. Minnesota Statutes 2014, section 275.065, subdivision 3, is amended to read:

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

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

35.17 (c) The notice must inform taxpayers that it contains the amount of property taxes
35.18 each taxing authority proposes to collect for taxes payable the following year. In the case of
35.19 a town, or in the case of the state general tax, the final tax amount will be its proposed tax.
35.20 The notice must clearly state for each city that has a population over 500, county, school
35.21 district, regional library authority established under section 134.201, and metropolitan
35.22 taxing districts as defined in paragraph (i), the time and place of a meeting for each taxing
35.23 authority in which the budget and levy will be discussed and public input allowed, prior to
35.24 the final budget and levy determination. The taxing authorities must provide the county
35.25 auditor with the information to be included in the notice on or before the time it certifies
35.26 its proposed levy under subdivision 1. The public must be allowed to speak at that
35.27 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
35.28 must provide a telephone number for the taxing authority that taxpayers may call if they
35.29 have questions related to the notice and an address where comments will be received by
35.30 mail, except that no notice required under this section shall be interpreted as requiring the
35.31 printing of a personal telephone number or address as the contact information for a taxing
35.32 authority. If a taxing authority does not maintain public offices where telephone calls can
35.33 be received by the authority, the authority may inform the county of the lack of a public
35.34 telephone number and the county shall not list a telephone number for that taxing authority.

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

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

36.7 (2) the items listed below, shown separately by county, city or town, and state
 36.8 general tax, agricultural homestead credit under section 273.1384, school building bond
 36.9 agricultural credit under section 273.1387, voter approved school levy, other local school
 36.10 levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

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

36.12 (ii) the proposed tax amount.

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

36.16 In the case of a town or the state general tax, the final tax shall also be its proposed
 36.17 tax unless the town changes its levy at a special town meeting under section 365.52. If a
 36.18 school district has certified under section 126C.17, subdivision 9, that a referendum will
 36.19 be held in the school district at the November general election, the county auditor must
 36.20 note next to the school district's proposed amount that a referendum is pending and that, if
 36.21 approved by the voters, the tax amount may be higher than shown on the notice. In the
 36.22 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
 36.23 listed separately from the remaining amount of the city's levy. In the case of the city of
 36.24 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
 36.25 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
 36.26 under section 134.07 may be listed separately from the remaining amount of the county's
 36.27 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
 36.28 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
 36.29 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
 36.30 separately and not included in the sum of the special taxing districts; and

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

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

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

37.3 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

37.34 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
37.35 473.446, 473.521, 473.547, or 473.834;

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

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

38.4 For purposes of this section, any levies made by the regional rail authorities in the
38.5 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
38.6 398A shall be included with the appropriate county's levy.

38.7 (j) The governing body of a county, city, or school district may, with the consent
38.8 of the county board, include supplemental information with the statement of proposed
38.9 property taxes about the impact of state aid increases or decreases on property tax
38.10 increases or decreases and on the level of services provided in the affected jurisdiction.
38.11 This supplemental information may include information for the following year, the current
38.12 year, and for as many consecutive preceding years as deemed appropriate by the governing
38.13 body of the county, city, or school district. It may include only information regarding:

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

38.16 (2) population growth and decline;

38.17 (3) state or federal government action; and

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

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

38.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

38.25 Sec. 5. Minnesota Statutes 2014, section 275.07, subdivision 2, is amended to read:

38.26 Subd. 2. **School district in more than one county levies; special requirements.** (a)

38.27 In school districts lying in more than one county, the clerk shall certify the tax levied to the
38.28 auditor of the county in which the administrative offices of the school district are located.

38.29 (b) The district must identify the portion of the school district levy that is levied for
38.30 debt service at the time the levy is certified under this section. For the purposes of this
38.31 paragraph, "levied for debt service" means levies authorized under sections 123B.53,
38.32 123B.535, and 123B.55, as adjusted by sections 126C.46 and 126C.48, net of any debt
38.33 excess levy reductions under section 475.61, subdivision 4, excluding debt service
38.34 amounts necessary for repayment of other postemployment benefits under section 475.52,
38.35 subdivision 6.

39.1 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

39.2 Sec. 6. Minnesota Statutes 2014, section 275.08, subdivision 1b, is amended to read:

39.3 Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against
 39.4 net tax capacity under section 275.07 by an individual local government unit shall be
 39.5 divided by the total net tax capacity of all taxable properties within the local government
 39.6 unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate,
 39.7 multiplied by each property's net tax capacity shall be each property's net tax capacity tax
 39.8 for that local government unit before reduction by any credits.

39.9 (b) The auditor must also determine the school debt tax rate for each school district
 39.10 equal to (1) the school debt service levy certified under section 275.07, subdivision 2,
 39.11 divided by (2) the total net tax capacity of all taxable property within the district.

39.12 (c) Any amount certified to the county auditor to be levied against market value shall
 39.13 be divided by the total referendum market value of all taxable properties within the taxing
 39.14 district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by
 39.15 each property's referendum market value shall be each property's new referendum tax
 39.16 before reduction by any credits. For the purposes of this subdivision, "referendum market
 39.17 value" means the market value as defined in section 126C.01, subdivision 3.

39.18 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

39.19 Sec. 7. Minnesota Statutes 2014, section 276.04, subdivision 2, is amended to read:

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

40.1 remaining county levy amount. In the case of Ramsey County, if the county levy under this
 40.2 paragraph includes an amount for public library service under section 134.07, the amount
 40.3 attributable for that purpose may be separated from the remaining county levy amount.
 40.4 The amount of the tax on homesteads qualifying under the senior citizens' property tax
 40.5 deferral program under chapter 290B is the total amount of property tax before subtraction
 40.6 of the deferred property tax amount. The amount of the tax on contamination value
 40.7 imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar
 40.8 amounts, including the dollar amount of any special assessments, may be rounded to the
 40.9 nearest even whole dollar. For purposes of this section whole odd-numbered dollars may
 40.10 be adjusted to the next higher even-numbered dollar. The amount of market value excluded
 40.11 under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

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

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

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

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

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

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

40.24 (5) for homestead agricultural properties, the ~~credit~~ credits under ~~section~~ sections
 40.25 273.1384 and 273.1387;

40.26 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
 40.27 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
 40.28 credit received under section 273.135 must be separately stated and identified as "taconite
 40.29 tax relief"; and

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

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

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

41.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

41.4 Sec. 8. **[477A.0126] REIMBURSEMENT OF COUNTY AND TRIBES FOR**
41.5 **CERTAIN OUT-OF-HOME PLACEMENT.**

41.6 Subdivision 1. **Definition.** When used in this section, "out-of-home placement"
41.7 means 24-hour substitute care for an Indian child as defined by section 260C.007,
41.8 subdivision 21, placed under the Indian Child Welfare Act (ICWA) and chapter 260C,
41.9 away from the child's parent or guardian and for whom the county social services agency
41.10 or county correctional agency has been assigned responsibility for the child's placement
41.11 and care, which includes placement in foster care under section 260C.007, subdivision
41.12 18, and a correctional facility pursuant to a court order.

41.13 Subd. 2. **Determination of nonfederal share of costs.** (a) By January 1, 2017, each
41.14 county shall report the following information to the commissioners of human services and
41.15 corrections: (1) the separate amounts paid out of its social service agency and its corrections
41.16 budget for out-of-home placement of children under the ICWA in calendar years 2013,
41.17 2014, and 2015; and (2) the number of case days associated with the expenditures from
41.18 each budget. By March 15, 2017, the commissioner of human services, in consultation with
41.19 the commissioner of corrections, shall certify to the commissioner of revenue and to the
41.20 legislative committees responsible for local government aids and out-of-home placement
41.21 funding, whether the data reported under this subdivision accurately reflects total
41.22 expenditures by counties for out-of-home placement costs of children under the ICWA.

41.23 (b) By January 1, 2019, and each January 1 thereafter, each county shall report to the
41.24 commissioners of human services and corrections the separate amounts paid out of its
41.25 social service agency and its corrections budget for out-of-home placement of children
41.26 under the ICWA in the calendar years two years before the current calendar year along
41.27 with the number of case days associated with the expenditures from each budget.

41.28 (c) Until the commissioner of human services develops another mechanism for
41.29 collecting and verifying data on out-of-home placements of children under the ICWA, and
41.30 the legislature authorizes the use of that data, the data collected under this subdivision
41.31 must be used to calculate payments under subdivision 3. The commissioner of human
41.32 services shall certify the nonfederal out-of-home placement costs for the three prior
41.33 calendar years for each county to the commissioner of revenue by June 1 of the year
41.34 prior to the aid payment.

42.1 Subd. 3. **Aid payments to counties.** For aids payable in calendar year 2018 and
 42.2 thereafter, the commissioner of revenue shall reimburse each county for 100 percent of
 42.3 the nonfederal share of the cost of out-of-home placement of children under the ICWA
 42.4 provided the commissioner of human services, in consultation with the commissioner
 42.5 of corrections, certifies to the commissioner of revenue that accurate data is available
 42.6 to make the aid determination under this section. The amount of reimbursement is the
 42.7 county's average nonfederal share of the cost for out-of-home placement of children
 42.8 under the ICWA for the most recent three calendar years for which data is available.
 42.9 The commissioner shall pay the aid under the schedule used for local government aid
 42.10 payments under section 477A.015.

42.11 Subd. 4. **Aid payments to tribes.** (a) By January 1, 2017, and each year
 42.12 thereafter, each tribe must certify to the commissioner of revenue the amount of federal
 42.13 reimbursement received by the tribe for out-of-home placement of children under the
 42.14 ICWA for the immediately preceding three calendar years. The commissioner of revenue
 42.15 shall prescribe the format of the certification. For purposes of this section, "tribe" has the
 42.16 meaning provided in section 260.755, subdivision 12.

42.17 (b) The amount of reimbursement to the tribe shall be the greater of: (1) five
 42.18 percent of the average reimbursement amount received from the federal government for
 42.19 out-of-home placement costs for the most recent three calendar years; or (2) \$200,000.
 42.20 The commissioner shall pay the aid under this section under the schedule used for local
 42.21 government aid payments under section 477A.015.

42.22 Subd. 5. **Appropriation.** An amount sufficient to pay aid under this section is
 42.23 annually appropriated to the commissioner of revenue from the general fund.

42.24 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

42.25 Sec. 9. Minnesota Statutes 2015 Supplement, section 477A.015, is amended to read:

42.26 **477A.015 PAYMENT DATES.**

42.27 (a) The commissioner of revenue shall make the payments of local government aid
 42.28 to affected taxing authorities in two installments on July 20 and December 26 annually.

42.29 (b) Notwithstanding paragraph (a), for aids payable in 2017 only, the commissioner
 42.30 of revenue shall make payments of the aid payable under section 477A.013, subdivision
 42.31 9, in three installments as follows: (1) 6.5 percent of the aid shall be paid on June 15,
 42.32 2017; (2) 43.5 percent of the aid shall be paid on July 20, 2017; and (3) 50 percent of the
 42.33 aid shall be paid on December 26, 2017.

43.1 (c) When the commissioner of public safety determines that a local government has
 43.2 suffered financial hardship due to a natural disaster, the commissioner of public safety
 43.3 shall notify the commissioner of revenue, who shall make payments of aids under sections
 43.4 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical
 43.5 after the determination is made but not before July 20.

43.6 (d) The commissioner may pay all or part of the payments of aids under sections
 43.7 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a local
 43.8 government requests such payment as being necessary for meeting its cash flow needs.

43.9 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017.

43.10 Sec. 10. Minnesota Statutes 2014, section 477A.017, subdivision 2, is amended to read:

43.11 Subd. 2. **State auditor's duties.** The state auditor shall prescribe uniform financial
 43.12 accounting and reporting standards in conformity with national standards to be applicable
 43.13 to cities and towns of more than 2,500 population and uniform reporting standards to be
 43.14 applicable to cities and towns of less than 2,500 population.

43.15 **EFFECTIVE DATE.** This section applies to reporting of financial information for
 43.16 calendar year 2016 and thereafter.

43.17 Sec. 11. Minnesota Statutes 2014, section 477A.017, subdivision 3, is amended to read:

43.18 Subd. 3. **Conformity.** Other law to the contrary notwithstanding, in order to receive
 43.19 distributions under sections 477A.011 to 477A.03, counties ~~and~~ cities, and towns must
 43.20 conform to the standards set in subdivision 2 in making all financial reports required to be
 43.21 made to the state auditor ~~after June 30, 1984.~~

43.22 **EFFECTIVE DATE.** This section applies to reporting of financial information for
 43.23 aids payable in 2017 and thereafter.

43.24 Sec. 12. Minnesota Statutes 2015 Supplement, section 477A.03, subdivision 2a,
 43.25 is amended to read:

43.26 Subd. 2a. **Cities.** The total aid paid under section 477A.013, subdivision 9, is
 43.27 \$516,898,012 for aids payable in 2015. For aids payable in 2016 ~~and thereafter~~, the total
 43.28 aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2017
 43.29 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$539,398,012.

43.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 43.31 2017 and thereafter.

44.1 Sec. 13. Minnesota Statutes 2014, section 477A.03, subdivision 2b, is amended to read:

44.2 Subd. 2b. **Counties.** (a) For aids payable in 2014 ~~and thereafter~~ through 2016, the
 44.3 total aid payable under section 477A.0124, subdivision 3, is \$100,795,000. For aids
 44.4 payable in 2017 through 2024, the total aid payable under section 477A.0124, subdivision
 44.5 3, is \$108,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014,
 44.6 chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid
 44.7 payable under section 477A.0124, subdivision 3, is \$105,795,000. Each calendar year,
 44.8 \$500,000 of this appropriation shall be retained by the commissioner of revenue to
 44.9 make reimbursements to the commissioner of management and budget for payments
 44.10 made under section 611.27. The reimbursements shall be to defray the additional costs
 44.11 associated with court-ordered counsel under section 611.27. Any retained amounts not
 44.12 used for reimbursement in a year shall be included in the next distribution of county
 44.13 need aid that is certified to the county auditors for the purpose of property tax reduction
 44.14 for the next taxes payable year.

44.15 (b) For aids payable in ~~2014 and thereafter~~ 2016, the total aid under section
 44.16 477A.0124, subdivision 4, is \$104,909,575. For aids payable in 2017 and thereafter,
 44.17 the total aid payable under section 477A.0124, subdivision 4, is \$109,909,575. The
 44.18 commissioner of revenue shall transfer to the commissioner of management and budget
 44.19 \$207,000 annually for the cost of preparation of local impact notes as required by section
 44.20 3.987, and other local government activities. The commissioner of revenue shall transfer
 44.21 to the commissioner of education \$7,000 annually for the cost of preparation of local
 44.22 impact notes for school districts as required by section 3.987. The commissioner of
 44.23 revenue shall deduct the amounts transferred under this paragraph from the appropriation
 44.24 under this paragraph. The amounts transferred are appropriated to the commissioner of
 44.25 management and budget and the commissioner of education respectively.

44.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

44.27 Sec. 14. **[477A.09] MAXIMUM EFFORT LOAN AID.**

44.28 For fiscal years 2018 through 2022, each school district with a maximum effort loan
 44.29 under sections 126C.61 to 126C.72 outstanding as of June 30, 2016, is eligible for an aid
 44.30 payment equal to one-fifth of the amount of interest that was paid on the loan between
 44.31 December 1, 1997, and June 30, 2016. Aid payments under this section must be used to
 44.32 reduce property taxes levied on net tax capacity within the district. Aid under this section
 44.33 must be paid in fiscal years 2018 through 2022, in the manner provided under section
 44.34 127A.45, subdivisions 9 and 13. An amount sufficient to make aid payments under this
 44.35 section is annually appropriated from the general fund to the commissioner of education.

45.1 **EFFECTIVE DATE.** This section is effective for fiscal years 2018 and thereafter.

45.2 Sec. 15. **[477A.21] RIPARIAN PROTECTION AID.**

45.3 Subdivision 1. **Definitions.** (a) When used in this section, the following terms have
45.4 the meanings given them in this subdivision.

45.5 (b) "Public water basins" has the meaning provided in section 103G.005, subdivision
45.6 15, clauses (1) to (8) and (11).

45.7 (c) "Public watercourses" has the meaning provided in section 103G.005,
45.8 subdivision 15, clauses (9) and (10).

45.9 Subd. 2. **Certification.** The Board of Water and Soil Resources must certify to the
45.10 commissioner of revenue by July 1 of each year which counties and watershed districts
45.11 have affirmed their jurisdiction under section 103F.48, subdivision 7, paragraph (b), and
45.12 the proportion of each county's land area that is contained in each watershed district
45.13 within the county. On or before July 1 of each year, the commissioner of natural resources
45.14 shall certify to the commissioner of revenue the statewide and countywide total of miles of
45.15 shoreline of public waters basins, the number of centerline miles of public watercourses,
45.16 and the miles of public drainage system ditches.

45.17 Subd. 3. **Distribution.** (a) A county that is certified under subdivision 2 or that
45.18 portion of a county containing a watershed district certified under subdivision 2 is eligible
45.19 to receive aid under this section to enforce and implement the riparian protection and water
45.20 quality practices under section 103F.48. The commissioner shall calculate a preliminary
45.21 aid for all counties that shall equal: (1) each county's share of the total number of acres
45.22 in the state classified as class 2a under section 273.13, subdivision 23, divided by two;
45.23 plus (2) each county's share of the number of miles of shoreline of public water basins,
45.24 each county's share of the number of centerline miles of public watercourses, and each
45.25 county's share of the number of miles of public drainage system ditches established under
45.26 chapter 103E, divided by two; multiplied by (3) \$10,000,000.

45.27 (b) Aid to a county shall not be greater than \$200,000 or less than \$45,000. If the
45.28 sum of the preliminary aids payable to counties under paragraph (a) is greater or less than
45.29 the appropriation under subdivision 5, the commissioner of revenue shall calculate the
45.30 percentage adjustment necessary so that the total of the aid under paragraph (a) equals the
45.31 total amount available for aid under subdivision 5.

45.32 (c) If only a portion of a county is certified as eligible to receive aid under subdivision
45.33 2, the aid otherwise payable to that county under this section shall be multiplied by a
45.34 fraction, the numerator of which is the area of the certified watershed district contained
45.35 within the county and the denominator of which is the total area of the county.

46.1 (d) Any aid that would otherwise be paid to a county or portion of a county that is
 46.2 not certified under subdivision 2 shall be paid to the Board of Water and Soil Resources
 46.3 for the purpose of enforcing and implementing the riparian protection and water quality
 46.4 practices under section 103F.48.

46.5 Subd. 4. **Payments.** The commissioner of revenue must compute the amount of
 46.6 riparian protection aid payable to each eligible county and to the Board of Water and Soil
 46.7 Resources under this section. On or before August 1 of each year, the commissioner shall
 46.8 certify the amount to be paid to each county in the following year. The commissioner shall
 46.9 pay riparian protection aid to counties and the Board of Water and Soil Resources in the
 46.10 same manner and at the same time as aid payments under section 477A.015.

46.11 Subd. 5. **Appropriation.** \$10,000,000 for aids payable in 2017 and each year
 46.12 thereafter is appropriated from the general fund to the commissioner of revenue to make
 46.13 the payments required under this section.

46.14 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017
 46.15 and thereafter.

46.16 Sec. 16. Laws 2001, First Special Session chapter 5, article 3, section 86, is amended
 46.17 to read:

46.18 Sec. 86. **RED RIVER WATERSHED MANAGEMENT BOARD; PAYMENT**
 46.19 **IN LIEU OF TAXES.**

46.20 (a) The Red River watershed management board may spend money from its general
 46.21 fund to compensate counties and townships for lost tax revenue from land that becomes
 46.22 tax exempt after it is acquired by the board or a member watershed district for flood
 46.23 damage reduction project. The amount that may be paid under this section to a county
 46.24 or township must not exceed the tax that was payable to that taxing jurisdiction on the
 46.25 land in the last taxes payable year before the land became exempt due to the acquisition,
 46.26 not to exceed \$4 \$5.133 per acre, multiplied by 20. This total amount may be paid in one
 46.27 payment, or in equal annual installments over a period that does not exceed 20 years. A
 46.28 member watershed district of the Red River management board may spend money from its
 46.29 construction fund for the purposes described in this section.

46.30 (b) For the purposes of this section, "Red River watershed management board"
 46.31 refers to the board established by Laws 1976, chapter 162, section 1, as amended by Laws
 46.32 1982, chapter 474, section 1, Laws 1983, chapter 338, section 1, Laws 1989 First Special
 46.33 Session chapter 1, article 5, section 45, Laws 1991, chapter 167, section 1, and Laws
 46.34 1998, chapter 389, article 3, section 29.

47.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 47.2 2016 and thereafter.

47.3 **Sec. 17. 2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

47.4 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of
 47.5 Oslo shall receive the portion of its aid payment for calendar year 2013 under Minnesota
 47.6 Statutes, section 477A.013, that was withheld under Minnesota Statutes, section
 47.7 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner
 47.8 of revenue that it received audited financial statements from the city for calendar year
 47.9 2012 by December 31, 2013. The commissioner of revenue shall make a payment of
 47.10 \$37,473.50 with the first payment of aids under Minnesota Statutes, section 477A.015.
 47.11 \$37,473.50 is appropriated from the general fund to the commissioner of revenue in fiscal
 47.12 year 2017 to make this payment.

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

47.14 **Sec. 18. 2014 AID PENALTY FORGIVENESS.**

47.15 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities
 47.16 of Dundee, Jeffers, and Woodstock shall receive all of its calendar year 2014 aid payment
 47.17 that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided
 47.18 that the state auditor certifies to the commissioner of revenue that the city complied with
 47.19 all reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for
 47.20 calendar years 2013 and 2014 by June 1, 2015.

47.21 (b) The commissioner of revenue shall make payment to each city no later than June
 47.22 30, 2016. Up to \$101,570 is appropriated from the general fund to the commissioner of
 47.23 revenue in fiscal year 2017 to make the payments under this section.

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

47.25 **Sec. 19. BASE YEAR FORMULA AID FOR NEWLY INCORPORATED CITY.**

47.26 In the first aid payable year in which a city that incorporated on October 13, 2015,
 47.27 qualifies for aid under Minnesota Statutes, section 477A.013, subdivision 8, the city's
 47.28 formula aid in the previous year shall be deemed to equal \$115 multiplied by its population.

47.29 **EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

47.30 **Sec. 20. REPEALER.**

47.31 Minnesota Statutes 2014, section 477A.20, is repealed.

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

48.2 **ARTICLE 3**

48.3 **INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

48.4 Section 1. Minnesota Statutes 2014, section 136A.129, subdivision 3, is amended to
48.5 read:

48.6 Subd. 3. **Program components.** (a) An intern must be an eligible student who has
48.7 been admitted to a major program that is related to the intern experience as determined
48.8 by the eligible institution.

48.9 (b) To participate in the program, an eligible institution must:

48.10 (1) enter into written agreements with eligible employers to provide internships that
48.11 are at least eight weeks long and located in greater Minnesota; and

48.12 (2) provide academic credit for the successful completion of the internship or ensure
48.13 that it fulfills requirements necessary to complete a vocational technical education program.

48.14 (c) To participate in the program, an eligible employer must enter into a written
48.15 agreement with an eligible institution specifying that the intern:

48.16 (1) ~~would not have been hired without the tax credit described in subdivision 4;~~

48.17 ~~(2) did not work for the employer in the same or a similar job prior to entering~~
48.18 ~~the agreement;~~

48.19 ~~(3) (2) does not replace an existing employee;~~

48.20 ~~(4) (3) has not previously participated in the program;~~

48.21 ~~(5) (4) will be employed at a location in greater Minnesota;~~

48.22 ~~(6) (5) will be paid at least minimum wage for a minimum of 16 hours per week~~
48.23 ~~for a period of at least eight weeks; and~~

48.24 ~~(7) (6) will be supervised and evaluated by the employer.~~

48.25 (d) The written agreement between the eligible institution and the eligible employer
48.26 must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total
48.27 dollar amount of credits that an eligible institution certifies to eligible employers in a
48.28 calendar year may not exceed the amount of its allocation under subdivision 4.

48.29 (e) Participating eligible institutions and eligible employers must report annually to
48.30 the office. The report must include at least the following:

48.31 (1) the number of interns hired;

48.32 (2) the number of hours and weeks worked by interns; and

48.33 (3) the compensation paid to interns.

48.34 ~~(f) An internship required to complete an academic program does not qualify for the~~
48.35 ~~greater Minnesota internship program under this section.~~

49.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 49.2 December 31, 2015.

49.3 Sec. 2. Minnesota Statutes 2015 Supplement, section 289A.02, subdivision 7, is
 49.4 amended to read:

49.5 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
 49.6 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
 49.7 31, ~~2014~~ 2015.

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

49.9 Sec. 3. Minnesota Statutes 2014, section 290.01, subdivision 7, is amended to read:

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

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

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

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

49.23 For purposes of this subdivision, presence within the state for any part of a calendar
 49.24 day constitutes a day spent in the state. A day does not qualify as a Minnesota day if
 49.25 the taxpayer traveled from a place outside of Minnesota primarily for and essential to
 49.26 obtaining medical care, as defined in Internal Revenue Code, section 213(d)(1)(A), in
 49.27 Minnesota for the taxpayer, spouse, or a dependent of the taxpayer and the travel expense
 49.28 is allowed under Internal Revenue Code, section 213(d)(1)(B), and is claimed by the
 49.29 taxpayer as a deductible expense. Individuals shall keep adequate records to substantiate
 49.30 the days spent outside the state.

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

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

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

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

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

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

50.11 (1) "financial adviser" means:

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

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

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

50.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 50.21 December 31, 2015, except the amendment to paragraph (b) is effective for taxable years
 50.22 beginning after December 31, 2016.

50.23 Sec. 4. Minnesota Statutes 2015 Supplement, section 290.01, subdivision 19, is
 50.24 amended to read:

50.25 Subd. 19. **Net income.** The term "net income" means the federal taxable income,
 50.26 as defined in section 63 of the Internal Revenue Code of 1986, as amended through the
 50.27 date named in this subdivision, incorporating the federal effective dates of changes to the
 50.28 Internal Revenue Code and any elections made by the taxpayer in accordance with the
 50.29 Internal Revenue Code in determining federal taxable income for federal income tax
 50.30 purposes, and with the modifications provided in subdivisions 19a to 19f.

50.31 In the case of a regulated investment company or a fund thereof, as defined in section
 50.32 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
 50.33 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
 50.34 except that:

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

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

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

51.10 The net income of a real estate investment trust as defined and limited by section
51.11 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
51.12 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

51.13 The net income of a designated settlement fund as defined in section 468B(d) of
51.14 the Internal Revenue Code means the gross income as defined in section 468B(b) of the
51.15 Internal Revenue Code.

51.16 The Internal Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015,
51.17 shall be in effect for taxable years beginning after December 31, 1996.

51.18 Except as otherwise provided, references to the Internal Revenue Code in
51.19 subdivisions 19 to 19f mean the code in effect for purposes of determining net income for
51.20 the applicable year.

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

51.24 Sec. 5. Minnesota Statutes 2014, section 290.01, subdivision 19a, is amended to read:

51.25 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and
51.26 trusts, there shall be added to federal taxable income:

51.27 (1)(i) interest income on obligations of any state other than Minnesota or a political
51.28 or governmental subdivision, municipality, or governmental agency or instrumentality
51.29 of any state other than Minnesota exempt from federal income taxes under the Internal
51.30 Revenue Code or any other federal statute; and

51.31 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue
51.32 Code, except:

51.33 (A) the portion of the exempt-interest dividends exempt from state taxation under
51.34 the laws of the United States; and

52.1 (B) the portion of the exempt-interest dividends derived from interest income
52.2 on obligations of the state of Minnesota or its political or governmental subdivisions,
52.3 municipalities, governmental agencies or instrumentalities, but only if the portion of the
52.4 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
52.5 95 percent or more of the exempt-interest dividends, including any dividends exempt
52.6 under subitem (A), that are paid by the regulated investment company as defined in section
52.7 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as
52.8 defined in section 851(g) of the Internal Revenue Code, making the payment; and

52.9 (iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal
52.10 government described in section 7871(c) of the Internal Revenue Code shall be treated as
52.11 interest income on obligations of the state in which the tribe is located;

52.12 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or
52.13 accrued within the taxable year under this chapter and the amount of taxes based on net
52.14 income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or
52.15 to any province or territory of Canada, to the extent allowed as a deduction under section
52.16 63(d) of the Internal Revenue Code, but the addition may not be more than the amount
52.17 by which the state itemized deduction exceeds the amount of the standard deduction as
52.18 defined in section 63(c) of the Internal Revenue Code, minus any addition that would have
52.19 been required under clause (17) if the taxpayer had claimed the standard deduction. For
52.20 the purpose of this clause, income, sales and use, motor vehicle sales, or excise taxes are
52.21 the last itemized deductions disallowed under clause (15);

52.22 (3) the capital gain amount of a lump-sum distribution to which the special tax under
52.23 section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

52.24 (4) the amount of income taxes paid or accrued within the taxable year under this
52.25 chapter and taxes based on net income paid to any other state or any province or territory
52.26 of Canada, to the extent allowed as a deduction in determining federal adjusted gross
52.27 income. For the purpose of this paragraph, income taxes do not include the taxes imposed
52.28 by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

52.29 (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10
52.30 other than expenses or interest used in computing net interest income for the subtraction
52.31 allowed under subdivision 19b, clause (1);

52.32 (6) the amount of a partner's pro rata share of net income which does not flow
52.33 through to the partner because the partnership elected to pay the tax on the income under
52.34 section 6242(a)(2) of the Internal Revenue Code;

52.35 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
52.36 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that

53.1 in the taxable year generates a deduction for depreciation under section 168(k) and the
53.2 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
53.3 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
53.4 limited to excess of the depreciation claimed by the activity under section 168(k) over the
53.5 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
53.6 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
53.7 under section 168(k) is allowed;

53.8 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
53.9 Internal Revenue Code exceeds the deduction allowable by under the dollar limits of
53.10 section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

53.11 (9) to the extent deducted in computing federal taxable income, the amount of the
53.12 deduction allowable under section 199 of the Internal Revenue Code;

53.13 (10) the amount of expenses disallowed under section 290.10, subdivision 2;

53.14 (11) for taxable years beginning before January 1, 2010, the amount deducted for
53.15 qualified tuition and related expenses under section 222 of the Internal Revenue Code, to
53.16 the extent deducted from gross income;

53.17 (12) for taxable years beginning before January 1, 2010, the amount deducted for
53.18 certain expenses of elementary and secondary school teachers under section 62(a)(2)(D)
53.19 of the Internal Revenue Code, to the extent deducted from gross income;

53.20 (13) discharge of indebtedness income resulting from reacquisition of business
53.21 indebtedness and deferred under section 108(i) of the Internal Revenue Code;

53.22 (14) changes to federal taxable income attributable to a net operating loss that the
53.23 taxpayer elected to carry back for more than two years for federal purposes but for which
53.24 the losses can be carried back for only two years under section 290.095, subdivision
53.25 11, paragraph (c);

53.26 (15) the amount of disallowed itemized deductions, but the amount of disallowed
53.27 itemized deductions plus the addition required under clause (2) may not be more than the
53.28 amount by which the itemized deductions as allowed under section 63(d) of the Internal
53.29 Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of
53.30 the Internal Revenue Code, and reduced by any addition that would have been required
53.31 under clause (17) if the taxpayer had claimed the standard deduction:

53.32 (i) the amount of disallowed itemized deductions is equal to the lesser of:

53.33 (A) three percent of the excess of the taxpayer's federal adjusted gross income
53.34 over the applicable amount; or

53.35 (B) 80 percent of the amount of the itemized deductions otherwise allowable to the
53.36 taxpayer under the Internal Revenue Code for the taxable year;

54.1 (ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a
54.2 married individual filing a separate return. Each dollar amount shall be increased by
54.3 an amount equal to:

54.4 (A) such dollar amount, multiplied by

54.5 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal
54.6 Revenue Code for the calendar year in which the taxable year begins, by substituting
54.7 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

54.8 (iii) the term "itemized deductions" does not include:

54.9 (A) the deduction for medical expenses under section 213 of the Internal Revenue
54.10 Code;

54.11 (B) any deduction for investment interest as defined in section 163(d) of the Internal
54.12 Revenue Code; and

54.13 (C) the deduction under section 165(a) of the Internal Revenue Code for casualty or
54.14 theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue
54.15 Code or for losses described in section 165(d) of the Internal Revenue Code;

54.16 (16) the amount of disallowed personal exemptions for taxpayers with federal
54.17 adjusted gross income over the threshold amount:

54.18 (i) the disallowed personal exemption amount is equal to the number of personal
54.19 exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied
54.20 by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the
54.21 Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal
54.22 Revenue Code, and by the applicable percentage;

54.23 (ii) "applicable percentage" means two percentage points for each \$2,500 (or
54.24 fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable
54.25 year exceeds the threshold amount. In the case of a married individual filing a separate
54.26 return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In
54.27 no event shall the applicable percentage exceed 100 percent;

54.28 (iii) the term "threshold amount" means:

54.29 (A) \$150,000 in the case of a joint return or a surviving spouse;

54.30 (B) \$125,000 in the case of a head of a household;

54.31 (C) \$100,000 in the case of an individual who is not married and who is not a
54.32 surviving spouse or head of a household; and

54.33 (D) \$75,000 in the case of a married individual filing a separate return; and

54.34 (iv) the thresholds shall be increased by an amount equal to:

54.35 (A) such dollar amount, multiplied by

55.1 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal
 55.2 Revenue Code for the calendar year in which the taxable year begins, by substituting
 55.3 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and

55.4 (17) to the extent deducted in the computation of federal taxable income, for taxable
 55.5 years beginning after December 31, 2010, and before January 1, 2014, the difference
 55.6 between the standard deduction allowed under section 63(c) of the Internal Revenue Code
 55.7 and the standard deduction allowed for 2011, 2012, and 2013 under the Internal Revenue
 55.8 Code as amended through December 1, 2010.

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

55.12 Sec. 6. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

55.13 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
 55.14 and trusts, there shall be subtracted from federal taxable income:

55.15 (1) net interest income on obligations of any authority, commission, or
 55.16 instrumentality of the United States to the extent includable in taxable income for federal
 55.17 income tax purposes but exempt from state income tax under the laws of the United States;

55.18 (2) if included in federal taxable income, the amount of any overpayment of income
 55.19 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
 55.20 is received as a refund or as a credit to another taxable year's income tax liability;

55.21 (3) the amount paid to others, less the amount used to claim the credit allowed under
 55.22 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
 55.23 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
 55.24 transportation of each qualifying child in attending an elementary or secondary school
 55.25 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
 55.26 resident of this state may legally fulfill the state's compulsory attendance laws, which
 55.27 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
 55.28 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
 55.29 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
 55.30 "textbooks" includes books and other instructional materials and equipment purchased
 55.31 or leased for use in elementary and secondary schools in teaching only those subjects
 55.32 legally and commonly taught in public elementary and secondary schools in this state.
 55.33 Equipment expenses qualifying for deduction includes expenses as defined and limited in
 55.34 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
 55.35 books and materials used in the teaching of religious tenets, doctrines, or worship, the

56.1 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
56.2 or materials for, or transportation to, extracurricular activities including sporting events,
56.3 musical or dramatic events, speech activities, driver's education, or similar programs. No
56.4 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
56.5 the qualifying child's vehicle to provide such transportation for a qualifying child. For
56.6 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
56.7 given in section 32(c)(3) of the Internal Revenue Code;

56.8 (4) income as provided under section 290.0802;

56.9 (5) to the extent included in federal adjusted gross income, income realized on
56.10 disposition of property exempt from tax under section 290.491;

56.11 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
56.12 of the Internal Revenue Code in determining federal taxable income by an individual
56.13 who does not itemize deductions for federal income tax purposes for the taxable year, an
56.14 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
56.15 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,
56.16 under the provisions of Public Law 109-1 and Public Law 111-126;

56.17 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
56.18 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
56.19 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
56.20 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
56.21 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
56.22 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
56.23 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
56.24 the extent they exceed the federal foreign tax credit;

56.25 (8) in each of the five tax years immediately following the tax year in which an
56.26 addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a
56.27 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
56.28 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount
56.29 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,
56.30 clause (12), in the case of a shareholder of an S corporation, minus the positive value of
56.31 any net operating loss under section 172 of the Internal Revenue Code generated for the
56.32 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

56.33 (9) job opportunity building zone income as provided under section 469.316;

56.34 (10) to the extent included in federal taxable income, the amount of compensation
56.35 paid to members of the Minnesota National Guard or other reserve components of the
56.36 United States military for active service, including compensation for services performed

57.1 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active
 57.2 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause
 57.3 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision
 57.4 5b, and "active service" includes service performed in accordance with section 190.08,
 57.5 subdivision 3;

57.6 (11) to the extent included in federal taxable income, the amount of compensation
 57.7 paid to Minnesota residents who are members of the armed forces of the United States
 57.8 or United Nations for active duty performed under United States Code, title 10; or the
 57.9 authority of the United Nations;

57.10 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
 57.11 qualified donor's donation, while living, of one or more of the qualified donor's organs
 57.12 to another person for human organ transplantation. For purposes of this clause, "organ"
 57.13 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
 57.14 "human organ transplantation" means the medical procedure by which transfer of a human
 57.15 organ is made from the body of one person to the body of another person; "qualified
 57.16 expenses" means unreimbursed expenses for both the individual and the qualified donor
 57.17 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
 57.18 may be subtracted under this clause only once; and "qualified donor" means the individual
 57.19 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
 57.20 individual may claim the subtraction in this clause for each instance of organ donation for
 57.21 transplantation during the taxable year in which the qualified expenses occur;

57.22 (13) ~~in each of the five tax years immediately following the tax year in which an~~
 57.23 ~~addition is required under subdivision 19a, clause (8), or 19e, clause (13), in the case of a~~
 57.24 ~~shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the~~
 57.25 ~~addition made by the taxpayer under subdivision 19a, clause (8), or 19e, clause (13), in the~~
 57.26 ~~case of a shareholder of a corporation that is an S corporation, minus the positive value of~~
 57.27 ~~any net operating loss under section 172 of the Internal Revenue Code generated for the~~
 57.28 ~~tax year of the addition. If the net operating loss exceeds the addition for the tax year,~~
 57.29 ~~a subtraction is not allowed under this clause~~ the section 179 expensing subtraction as
 57.30 provided under section 290.0803, subdivision 3;

57.31 (14) to the extent included in the federal taxable income of a nonresident of
 57.32 Minnesota, compensation paid to a service member as defined in United States Code, title
 57.33 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
 57.34 Act, Public Law 108-189, section 101(2);

57.35 (15) to the extent included in federal taxable income, the amount of national service
 57.36 educational awards received from the National Service Trust under United States Code,

58.1 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
58.2 program;

58.3 (16) to the extent included in federal taxable income, discharge of indebtedness
58.4 income resulting from reacquisition of business indebtedness included in federal taxable
58.5 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
58.6 to the extent that the income was included in net income in a prior year as a result of the
58.7 addition under subdivision 19a, clause (13);

58.8 (17) the amount of the net operating loss allowed under section 290.095, subdivision
58.9 11, paragraph (c);

58.10 (18) the amount of expenses not allowed for federal income tax purposes due
58.11 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
58.12 Revenue Code;

58.13 (19) the amount of the limitation on itemized deductions under section 68(b) of the
58.14 Internal Revenue Code;

58.15 (20) the amount of the phaseout of personal exemptions under section 151(d) of
58.16 the Internal Revenue Code; and

58.17 ~~(21) to the extent included in federal taxable income, the amount of qualified
58.18 transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal
58.19 Revenue Code. The subtraction is limited to the lesser of the amount of qualified
58.20 transportation fringe benefits received in excess of the limitations under section
58.21 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the
58.22 maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal
58.23 Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A)
58.24 of the Internal Revenue Code.~~

58.25 (21) the amount equal to the contributions made during the taxable year to an
58.26 account in a plan qualifying under section 529 of the Internal Revenue Code, reduced by
58.27 any withdrawals from the account during the taxable year, not including amounts rolled
58.28 over from other accounts in plans qualifying under section 529 of the Internal Revenue
58.29 Code, and not to exceed \$3,000 for married couples filing joint returns and \$1,500 for
58.30 all other filers. The subtraction must not include any amount used to claim the credit
58.31 allowed under section 290.0684; and

58.32 (22) to the extent included in federal taxable income, the discharge of indebtedness
58.33 of the taxpayer if the indebtedness discharged is a qualified education loan, as defined in
58.34 section 221 of the Internal Revenue Code, and the indebtedness was discharged following
58.35 the taxpayer's completion of an income-driven repayment plan. For purposes of this
58.36 clause, "income-driven repayment plan" means a payment plan established by the United

59.1 States Department of Education that sets monthly student loan payments based on income
 59.2 and family size under United States Code, title 20, section 1087e, or similar authority and
 59.3 specifically includes, but is not limited to:

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

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

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

59.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 59.10 December 31, 2015.

59.11 Sec. 7. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

59.12 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,
 59.13 there shall be added to federal taxable income:

59.14 (1) the amount of any deduction taken for federal income tax purposes for income,
 59.15 excise, or franchise taxes based on net income or related minimum taxes, including but not
 59.16 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,
 59.17 another state, a political subdivision of another state, the District of Columbia, or any
 59.18 foreign country or possession of the United States;

59.19 (2) interest not subject to federal tax upon obligations of: the United States, its
 59.20 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
 59.21 state, any of its political or governmental subdivisions, any of its municipalities, or any
 59.22 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
 59.23 tribal governments;

59.24 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal
 59.25 Revenue Code;

59.26 (4) the amount of any net operating loss deduction taken for federal income tax
 59.27 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss
 59.28 deduction under section 810 of the Internal Revenue Code;

59.29 (5) the amount of any special deductions taken for federal income tax purposes
 59.30 under sections 241 to 247 and 965 of the Internal Revenue Code;

59.31 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,
 59.32 clause (a), that are not subject to Minnesota income tax;

59.33 (7) the amount of any capital losses deducted for federal income tax purposes under
 59.34 sections 1211 and 1212 of the Internal Revenue Code;

60.1 (8) the amount of percentage depletion deducted under sections 611 through 614 and
60.2 291 of the Internal Revenue Code;

60.3 (9) for certified pollution control facilities placed in service in a taxable year
60.4 beginning before December 31, 1986, and for which amortization deductions were elected
60.5 under section 169 of the Internal Revenue Code of 1954, as amended through December
60.6 31, 1985, the amount of the amortization deduction allowed in computing federal taxable
60.7 income for those facilities;

60.8 (10) the amount of a partner's pro rata share of net income which does not flow
60.9 through to the partner because the partnership elected to pay the tax on the income under
60.10 section 6242(a)(2) of the Internal Revenue Code;

60.11 (11) any increase in subpart F income, as defined in section 952(a) of the Internal
60.12 Revenue Code, for the taxable year when subpart F income is calculated without regard to
60.13 the provisions of Division C, title III, section 303(b) of Public Law 110-343;

60.14 (12) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A)
60.15 and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer
60.16 has an activity that in the taxable year generates a deduction for depreciation under
60.17 section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year
60.18 that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed
60.19 under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the
60.20 depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the
60.21 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
60.22 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
60.23 under section 168(k)(1)(A) and (k)(4)(A) is allowed;

60.24 (13) 80 percent of the amount by which the deduction allowed by section 179 of
60.25 the Internal Revenue Code exceeds the deduction allowable by under the dollar limits of
60.26 section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

60.27 (14) to the extent deducted in computing federal taxable income, the amount of the
60.28 deduction allowable under section 199 of the Internal Revenue Code;

60.29 (15) the amount of expenses disallowed under section 290.10, subdivision 2; and

60.30 (16) discharge of indebtedness income resulting from reacquisition of business
60.31 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

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

60.35 Sec. 8. Minnesota Statutes 2014, section 290.01, subdivision 19d, is amended to read:

61.1 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
61.2 corporations, there shall be subtracted from federal taxable income after the increases
61.3 provided in subdivision 19c:

61.4 (1) the amount of foreign dividend gross-up added to gross income for federal
61.5 income tax purposes under section 78 of the Internal Revenue Code;

61.6 (2) the amount of salary expense not allowed for federal income tax purposes due to
61.7 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

61.8 (3) any dividend (not including any distribution in liquidation) paid within the
61.9 taxable year by a national or state bank to the United States, or to any instrumentality of
61.10 the United States exempt from federal income taxes, on the preferred stock of the bank
61.11 owned by the United States or the instrumentality;

61.12 (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the
61.13 Internal Revenue Code, except that:

61.14 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
61.15 capital loss carrybacks shall not be allowed;

61.16 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
61.17 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
61.18 allowed;

61.19 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
61.20 capital loss carryback to each of the three taxable years preceding the loss year, subject to
61.21 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

61.22 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
61.23 a capital loss carryover to each of the five taxable years succeeding the loss year to the
61.24 extent such loss was not used in a prior taxable year and subject to the provisions of
61.25 Minnesota Statutes 1986, section 290.16, shall be allowed;

61.26 (5) an amount for interest and expenses relating to income not taxable for federal
61.27 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
61.28 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
61.29 291 of the Internal Revenue Code in computing federal taxable income;

61.30 (6) in the case of mines, oil and gas wells, other natural deposits, and timber for
61.31 which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a
61.32 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
61.33 must be apportioned between the lessor and lessee in accordance with rules prescribed
61.34 by the commissioner. In the case of property held in trust, the allowable deduction must
61.35 be apportioned between the income beneficiaries and the trustee in accordance with the

62.1 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
 62.2 of the trust's income allocable to each;

62.3 (7) for certified pollution control facilities placed in service in a taxable year
 62.4 beginning before December 31, 1986, and for which amortization deductions were elected
 62.5 under section 169 of the Internal Revenue Code of 1954, as amended through December
 62.6 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
 62.7 1986, section 290.09, subdivision 7;

62.8 (8) amounts included in federal taxable income that are due to refunds of income,
 62.9 excise, or franchise taxes based on net income or related minimum taxes paid by the
 62.10 corporation to Minnesota, another state, a political subdivision of another state, the
 62.11 District of Columbia, or a foreign country or possession of the United States to the extent
 62.12 that the taxes were added to federal taxable income under subdivision 19c, clause (1), in a
 62.13 prior taxable year;

62.14 (9) income or gains from the business of mining as defined in section 290.05,
 62.15 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

62.16 (10) the amount of disability access expenditures in the taxable year which are not
 62.17 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

62.18 (11) the amount of qualified research expenses not allowed for federal income tax
 62.19 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that
 62.20 the amount exceeds the amount of the credit allowed under section 290.068;

62.21 (12) the amount of salary expenses not allowed for federal income tax purposes due to
 62.22 claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

62.23 (13) any decrease in subpart F income, as defined in section 952(a) of the Internal
 62.24 Revenue Code, for the taxable year when subpart F income is calculated without regard to
 62.25 the provisions of Division C, title III, section 303(b) of Public Law 110-343;

62.26 (14) in each of the five tax years immediately following the tax year in which an
 62.27 addition is required under subdivision 19c, clause (12), an amount equal to one-fifth of
 62.28 the delayed depreciation. For purposes of this clause, "delayed depreciation" means the
 62.29 amount of the addition made by the taxpayer under subdivision 19c, clause (12). The
 62.30 resulting delayed depreciation cannot be less than zero;

62.31 ~~(15) in each of the five tax years immediately following the tax year in which an~~
 62.32 ~~addition is required under subdivision 19c, clause (13), an amount equal to one-fifth~~
 62.33 ~~of the amount of the addition~~ the section 179 expensing subtraction as provided under
 62.34 section 290.0803, subdivision 3;

62.35 (16) to the extent included in federal taxable income, discharge of indebtedness
 62.36 income resulting from reacquisition of business indebtedness included in federal taxable

63.1 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
 63.2 to the extent that the income was included in net income in a prior year as a result of the
 63.3 addition under subdivision 19c, clause (16); and

63.4 (17) the amount of expenses not allowed for federal income tax purposes due
 63.5 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
 63.6 Revenue Code.

63.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 63.8 December 31, 2015.

63.9 Sec. 9. Minnesota Statutes 2015 Supplement, section 290.01, subdivision 31, is
 63.10 amended to read:

63.11 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
 63.12 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
 63.13 31, ~~2014~~ 2015. Internal Revenue Code also includes any uncodified provision in federal
 63.14 law that relates to provisions of the Internal Revenue Code that are incorporated into
 63.15 Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,
 63.16 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
 63.17 amended through March 18, 2010.

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

63.21 Sec. 10. Minnesota Statutes 2014, section 290.06, subdivision 22, is amended to read:

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

63.29 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax
 63.30 payable under this chapter by the ratio derived by dividing the income subject to tax in the
 63.31 other state that is also subject to tax in Minnesota while a resident of Minnesota by the
 63.32 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue
 63.33 Code, modified by the addition required by section 290.01, subdivision 19a, clause (1),

64.1 and the subtraction allowed by section 290.01, subdivision 19b, clause (1), to the extent
64.2 the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

64.3 (c) If the taxpayer is an athletic team that apportions all of its income under section
64.4 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this
64.5 chapter by the ratio derived from dividing the total net income subject to tax in the other
64.6 state by the taxpayer's Minnesota taxable income.

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

64.10 ~~nor shall~~ (2) The allowance of the credit does not reduce the taxes paid under this
64.11 chapter to an amount less than what would be assessed if ~~such income amount was the~~
64.12 gross income earned within the other state were excluded from taxable net income.

64.13 (e) In the case of the tax assessed on a lump-sum distribution under section
64.14 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state on
64.15 the lump-sum distribution that is also subject to tax under section 290.032, and shall
64.16 not exceed the tax assessed under section 290.032. To the extent the total lump-sum
64.17 distribution defined in section 290.032, subdivision 1, includes lump-sum distributions
64.18 received in prior years or is all or in part an annuity contract, the reduction to the tax on
64.19 the lump-sum distribution allowed under section 290.032, subdivision 2, includes tax paid
64.20 to another state that is properly apportioned to that distribution.

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

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

64.33 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a
64.34 partnership under the Internal Revenue Code must be considered to have paid a tax imposed
64.35 on the partner in an amount equal to the partner's pro rata share of any net income tax paid

65.1 by the partnership to another state. For purposes of the preceding sentence, the term "net
65.2 income" tax means any tax imposed on or measured by a partnership's net income.

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

65.4 (1) includes:

65.5 (i) the District of Columbia; and

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

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

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

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

65.16 (l) If the amount of the credit which a qualifying individual is eligible to receive
65.17 under this section for tax paid to a qualifying state, disregarding the limitation in paragraph
65.18 (d), clause (2), exceeds the tax due under this chapter, the commissioner shall refund the
65.19 excess to the individual. An amount sufficient to pay the refunds required by this section
65.20 is appropriated to the commissioner from the general fund.

65.21 For purposes of this paragraph, "qualifying individual" means a Minnesota resident under
65.22 section 290.01, subdivision 7, paragraph (a), who received compensation during the
65.23 taxable year for the performance of personal or professional services within a qualifying
65.24 state, and "qualifying state" means a state with which an agreement under section 290.081
65.25 is not in effect for the taxable year but was in effect for a taxable year beginning before
65.26 January 1, 2010.

65.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
65.28 December 31, 2015.

65.29 Sec. 11. Minnesota Statutes 2014, section 290.067, subdivision 1, is amended to read:

65.30 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the
65.31 tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the
65.32 dependent care credit for which the taxpayer is eligible pursuant to the provisions of
65.33 section 21 of the Internal Revenue Code ~~subject to the limitations provided in subdivision~~
65.34 ~~2~~ except that in determining whether the child qualified as a dependent, income received
65.35 as a Minnesota family investment program grant or allowance to or on behalf of the child

66.1 must not be taken into account in determining whether the child received more than half
66.2 of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of
66.3 the Internal Revenue Code do not apply.

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

66.13 (c) If a married couple:

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

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

66.16 (3) does not participate in a dependent care assistance program as defined in section
66.17 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid
66.18 for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of
66.19 (i) the combined earned income of the couple or (ii) the amount of the maximum limit for
66.20 one qualified individual under section 21(c) and (d) of the Internal Revenue Code will
66.21 be deemed to be the employment related expense paid for that child. The earned income
66.22 limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed
66.23 amount. These deemed amounts apply regardless of whether any employment-related
66.24 expenses have been paid.

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

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

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

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

66.35 (e) In the case of a nonresident, part-year resident, or a person who has earned
66.36 income not subject to tax under this chapter including earned income excluded pursuant to

67.1 section 290.01, subdivision 19b, clause (9), the credit determined under section 21 of the
 67.2 Internal Revenue Code must be allocated based on the ratio by which the earned income
 67.3 of the claimant and the claimant's spouse from Minnesota sources bears to the total earned
 67.4 income of the claimant and the claimant's spouse.

67.5 (f) For residents of Minnesota, the subtractions for military pay under section
 67.6 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not
 67.7 subject to tax under this chapter."

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

67.11 (h) For taxpayers with federal adjusted gross income in excess of \$38,000, the
 67.12 credit is equal to the lesser of the credit otherwise calculated under this subdivision or the
 67.13 amount equal to the credit otherwise calculated under this subdivision minus ten percent
 67.14 of federal adjusted gross income in excess of \$38,000, but in no case is the credit less than
 67.15 zero. For purposes of this paragraph, "federal adjusted gross income" has the meaning
 67.16 given in section 62 of the Internal Revenue Code.

67.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 67.18 December 31, 2015.

67.19 Sec. 12. Minnesota Statutes 2014, section 290.067, subdivision 2b, is amended to read:

67.20 Subd. 2b. **Inflation adjustment.** The commissioner shall adjust the dollar amount
 67.21 of the income threshold at which the maximum credit begins to be reduced under
 67.22 subdivision ~~2~~ 1 by the percentage determined pursuant to the provisions of section 1(f) of
 67.23 the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2015" shall
 67.24 be substituted for the word "1992." For ~~2001~~ 2017, the commissioner shall then determine
 67.25 the percent change from the 12 months ending on August 31, ~~1999~~ 2015, to the 12 months
 67.26 ending on August 31, ~~2000~~ 2016, and in each subsequent year, from the 12 months ending
 67.27 on August 31, ~~1999~~ 2015, to the 12 months ending on August 31 of the year preceding the
 67.28 taxable year. The determination of the commissioner pursuant to this subdivision must not
 67.29 be considered a "rule" and is not subject to the Administrative Procedure Act contained in
 67.30 chapter 14. The threshold amount as adjusted must be rounded to the nearest \$10 amount.
 67.31 If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

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

68.1 Sec. 13. Minnesota Statutes 2015 Supplement, section 290.0671, subdivision 1,
68.2 is amended to read:

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

68.7 (i) the earned income and adjusted gross income limitations of section 32 of the
68.8 Internal Revenue Code do not apply; and

68.9 (ii) a taxpayer with no qualifying children who has attained the age of 21 but not
68.10 attained age 65 before the close of the taxable year and is otherwise eligible for a credit
68.11 under section 32 of the Internal Revenue Code may also receive a credit.

68.12 (b) For individuals with no qualifying children, the credit equals ~~2.10~~ three percent
68.13 of the first ~~\$6,180~~ \$6,500 of earned income. The credit is reduced by ~~2.01~~ three percent
68.14 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~
68.15 \$12,000, but in no case is the credit less than zero.

68.16 (c) For individuals with one qualifying child, the credit equals ~~9.35~~ 12.71 percent
68.17 of the first ~~\$11,120~~ \$8,350 of earned income. The credit is reduced by ~~6.02~~ 5.2 percent
68.18 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~
68.19 \$21,620, but in no case is the credit less than zero.

68.20 (d) For individuals with two or more qualifying children, the credit equals ~~11~~ 14.94
68.21 percent of the first ~~\$18,240~~ \$13,700 of earned income. The credit is reduced by ~~10.82~~
68.22 9.2 percent of earned income or adjusted gross income, whichever is greater, in excess of
68.23 ~~\$25,130~~ \$25,640, but in no case is the credit less than zero.

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

68.26 (f) For a person who was a resident for the entire tax year and has earned income
68.27 not subject to tax under this chapter, including income excluded under section 290.01,
68.28 subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal
68.29 adjusted gross income reduced by the earned income not subject to tax under this chapter
68.30 over federal adjusted gross income. For purposes of this paragraph, the subtractions
68.31 for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not
68.32 considered "earned income not subject to tax under this chapter."

68.33 For the purposes of this paragraph, the exclusion of combat pay under section 112
68.34 of the Internal Revenue Code is not considered "earned income not subject to tax under
68.35 this chapter."

69.1 (g) For tax years beginning after ~~December 31, 2007, and before December 31, 2010,~~
 69.2 ~~and for tax years beginning after~~ December 31, 2017, the ~~\$8,130~~ \$12,000 in paragraph
 69.3 (b), the ~~\$21,190~~ \$21,620 in paragraph (c), and the ~~\$25,130~~ \$25,640 in paragraph (d),
 69.4 after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for
 69.5 married taxpayers filing joint returns. For tax years beginning after December 31, ~~2008~~
 69.6 2017, the commissioner shall annually adjust the \$3,000 by the percentage determined
 69.7 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in
 69.8 section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For ~~2009~~
 69.9 2018, the commissioner shall then determine the percent change from the 12 months
 69.10 ending on August 31, 2007, to the 12 months ending on August 31, ~~2008~~ 2017, and in
 69.11 each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months
 69.12 ending on August 31 of the year preceding the taxable year. The earned income thresholds
 69.13 as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the
 69.14 amount is rounded up to the nearest \$10. The determination of the commissioner under
 69.15 this subdivision is not a rule under the Administrative Procedure Act.

69.16 (h)(1) ~~For tax years beginning after December 31, 2012, and before January 1, 2014,~~
 69.17 ~~the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph~~
 69.18 ~~(d), after being adjusted for inflation under subdivision 7, are increased by \$5,340 for~~
 69.19 ~~married taxpayers filing joint returns; and (2) For tax years beginning after December 31,~~
 69.20 ~~2013~~ 2015, and before January 1, 2018, the ~~\$8,130~~ \$12,000 in paragraph (b), the ~~\$21,190~~
 69.21 \$21,620 in paragraph (c), and the ~~\$25,130~~ \$25,640 in paragraph (d), after being adjusted
 69.22 for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing
 69.23 joint returns. For tax years beginning after ~~December 31, 2010, and before January 1,~~
 69.24 ~~2012, and for tax years beginning after~~ December 31, ~~2013~~ 2015, and before January 1,
 69.25 2018, the commissioner shall annually adjust the \$5,000 by the percentage determined
 69.26 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in
 69.27 section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For ~~2011~~
 69.28 2016, the commissioner shall then determine the percent change from the 12 months
 69.29 ending on August 31, 2008, to the 12 months ending on August 31, ~~2010~~ 2015, and in
 69.30 each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months
 69.31 ending on August 31 of the year preceding the taxable year. The earned income thresholds
 69.32 as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the
 69.33 amount is rounded up to the nearest \$10. The determination of the commissioner under
 69.34 this subdivision is not a rule under the Administrative Procedure Act.

69.35 (i) The commissioner shall construct tables showing the amount of the credit at
 69.36 various income levels and make them available to taxpayers. The tables shall follow

70.1 the schedule contained in this subdivision, except that the commissioner may graduate
70.2 the transition between income brackets.

70.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
70.4 December 31, 2015.

70.5 Sec. 14. Minnesota Statutes 2014, section 290.0671, subdivision 7, is amended to read:

70.6 Subd. 7. **Inflation adjustment.** The earned income amounts used to calculate
70.7 the credit and the income thresholds at which the maximum credit begins to be reduced
70.8 in subdivision 1 must be adjusted for inflation. The commissioner shall adjust by the
70.9 percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue
70.10 Code, except that in section 1(f)(3)(B) the word "~~2013~~" "2015" shall be substituted for
70.11 the word "1992." For ~~2015~~ 2017, the commissioner shall then determine the percent
70.12 change from the 12 months ending on August 31, ~~2013~~ 2015, to the 12 months ending
70.13 on August 31, ~~2014~~ 2016, and in each subsequent year, from the 12 months ending on
70.14 August 31, ~~2013~~ 2015, to the 12 months ending on August 31 of the year preceding the
70.15 taxable year. The earned income thresholds as adjusted for inflation must be rounded to
70.16 the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest
70.17 \$10 amount. The determination of the commissioner under this subdivision is not a rule
70.18 under the Administrative Procedure Act.

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

70.21 Sec. 15. Minnesota Statutes 2014, section 290.0674, subdivision 2, is amended to read:

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

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

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

71.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 71.5 December 31, 2015.

71.6 Sec. 16. Minnesota Statutes 2014, section 290.0674, is amended by adding a
 71.7 subdivision to read:

71.8 Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of
 71.9 the following:

71.10 (1) federal adjusted gross income as defined in section 62 of the Internal Revenue
 71.11 Code; and

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

71.13 (i) all nontaxable income;

71.14 (ii) the amount of a passive activity loss that is not disallowed as a result of section
 71.15 469, paragraph (i) or (m), of the Internal Revenue Code and the amount of passive activity
 71.16 loss carryover allowed under section 469(b) of the Internal Revenue Code;

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

71.20 (iv) cash public assistance and relief;

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

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

71.28 (vii) workers' compensation;

71.29 (viii) nontaxable strike benefits;

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

71.33 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
 71.34 1986, as amended through December 31, 1995;

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

72.6 (xii) nontaxable scholarship or fellowship grants;

72.7 (xiii) the amount of deduction allowed under section 199 of the Internal Revenue
 72.8 Code;

72.9 (xiv) the amount of deduction allowed under section 220 or 223 of the Internal
 72.10 Revenue Code;

72.11 (xv) the amount deducted for tuition expenses under section 222 of the Internal
 72.12 Revenue Code; and

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

72.15 In the case of an individual who files an income tax return on a fiscal year basis, the
 72.16 term "federal adjusted gross income" means federal adjusted gross income reflected in the
 72.17 fiscal year ending in the next calendar year. Federal adjusted gross income may not be
 72.18 reduced by the amount of a net operating loss carryback or carryforward or a capital loss
 72.19 carryback or carryforward allowed for the year.

72.20 (b) "Income" does not include:

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

72.22 (2) amounts of any pension or annuity that were exclusively funded by the claimant
 72.23 or spouse if the funding payments were not excluded from federal adjusted gross income
 72.24 in the years when the payments were made;

72.25 (3) surplus food or other relief in kind supplied by a governmental agency;

72.26 (4) relief granted under chapter 290A;

72.27 (5) child support payments received under a temporary or final decree of dissolution
 72.28 or legal separation; and

72.29 (6) restitution payments received by eligible individuals and excludable interest as
 72.30 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of
 72.31 2001, Public Law 107-16.

72.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 72.33 December 31, 2015.

72.34 Sec. 17. Minnesota Statutes 2014, section 290.0677, subdivision 1a, is amended to read:

73.1 Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is
 73.2 allowed a credit against the tax imposed under this chapter for past military service.
 73.3 The credit equals ~~\$750~~ \$1,000. The credit allowed under this subdivision is reduced by
 73.4 ten percent of adjusted gross income in excess of ~~\$30,000~~ \$50,000, but in no case is
 73.5 the credit less than zero.

73.6 (b) For a nonresident or a part-year resident, the credit under this subdivision
 73.7 must be allocated based on the percentage calculated under section 290.06, subdivision
 73.8 2c, paragraph (e).

73.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 73.10 December 31, 2015.

73.11 Sec. 18. Minnesota Statutes 2014, section 290.068, subdivision 2, is amended to read:

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

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

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

73.26 (c) "Base amount" means base amount as defined in section 41(c) of the Internal
 73.27 Revenue Code, except that the average annual gross receipts must be calculated using
 73.28 Minnesota sales or receipts under section 290.191 and the definitions contained in clauses
 73.29 (a) and (b) shall apply. If there are inadequate records or the records are unavailable to
 73.30 compute or verify the base percentage, a fixed base percentage of 16 percent must be used.

73.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 73.32 December 31, 2015.

74.1 Sec. 19. **[290.0682] CREDIT FOR ATTAINING MASTER'S DEGREE IN**
 74.2 **TEACHER'S LICENSURE FIELD.**

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

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

74.11 (c) "Qualified teacher" means a K-12 teacher who:

74.12 (1) holds a continuing license granted by the Minnesota Board of Teaching both
 74.13 when the teacher begins the master's degree program and when the teacher completes the
 74.14 master's degree program;

74.15 (2) began a master's degree program after June 30, 2016; and

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

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

74.20 Subd. 2. **Credit allowed.** (a) An individual who is a qualified teacher is allowed a
 74.21 credit against the tax imposed under this chapter. The credit equals \$2,500.

74.22 (b) For a nonresident or a part-year resident, the credit under this subdivision
 74.23 must be allocated based on the percentage calculated under section 290.06, subdivision
 74.24 2c, paragraph (e).

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

74.27 Subd. 3. **Credit refundable.** (a) If the amount of the credit for which an individual
 74.28 is eligible exceeds the individual's liability for tax under this chapter, the commissioner
 74.29 shall refund the excess to the individual.

74.30 (b) The amount necessary to pay the refunds required by this section is appropriated
 74.31 to the commissioner from the general fund.

74.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 74.33 December 31, 2015.

74.34 Sec. 20. **[290.0683] STUDENT LOAN CREDIT.**

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

75.3 (b) "Adjusted gross income" means federal adjusted gross income as defined in
 75.4 section 62 of the Internal Revenue Code. In the case of a married couple filing jointly,
 75.5 "adjusted gross income" means the adjusted gross income of the taxpayer and spouse.

75.6 (c) "Earned income" has the meaning given in section 32(c) of the Internal Revenue
 75.7 Code, except that "earned income" includes combat pay excluded from federal taxable
 75.8 income under section 112 of the Internal Revenue Code.

75.9 (d) "Education profession" means:

75.10 (1) a full-time job in public education; early childhood education, including licensed
 75.11 or regulated child care, Head Start, and state-funded prekindergarten; school-based library
 75.12 sciences; and other school-based services; or

75.13 (2) a full-time job as a faculty member at a tribal college or university as defined in
 75.14 section 1059c(b) of the Internal Revenue Code, and other faculty teaching in high-needs
 75.15 subject areas or areas of shortage, including nurse faculty, foreign language faculty, and
 75.16 part-time faculty at community colleges, as determined by the United States Secretary
 75.17 of Education.

75.18 (e) "Eligible individual" means an individual who has one or more qualified
 75.19 education loans related to an undergraduate or graduate degree program of the individual
 75.20 at a postsecondary educational institution.

75.21 (f) "Eligible loan payments" means the amount the eligible individual paid during
 75.22 the taxable year to pay principal and interest on qualified education loans.

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

75.27 (h) "Public service job" means a full-time job in emergency management;
 75.28 government, excluding time served as a member of Congress; military service; public
 75.29 safety; law enforcement; public health, including nurses, nurse practitioners, nurses
 75.30 in a clinical setting, and full-time professionals engaged in health care practitioner
 75.31 occupations and health care support occupations, as such terms are defined by the Bureau
 75.32 of Labor Statistics; social work in a public child or family service agency; public interest
 75.33 law services including prosecution or public defense or legal advocacy on behalf of
 75.34 low-income communities at a nonprofit organization; public service for individuals with
 75.35 disabilities or public service for the elderly; public library sciences; or at an organization

76.1 that is described in section 501(c)(3) of the Internal Revenue Code and exempt from
 76.2 taxation under section 501(a) of the Internal Revenue Code.

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

76.5 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the
 76.6 tax due under this chapter. The credit equals a percentage of eligible loan payments in
 76.7 excess of ten percent of adjusted gross income, up to \$1,000, as follows:

76.8 (1) for eligible individuals, 50 percent;

76.9 (2) for eligible individuals in a public service job, 65 percent; and

76.10 (3) for eligible individuals in an education profession, 75 percent.

76.11 (b) The credit must not exceed the eligible individual's earned income for the taxable
 76.12 year.

76.13 (c) In the case of a married couple filing a joint return, each spouse is eligible for
 76.14 the credit in this section.

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

76.17 (e) An eligible individual may receive the credit under this section without regard to
 76.18 the individual's eligibility for the public service loan forgiveness program under United
 76.19 States Code, title 20, section 1087e(m).

76.20 Subd. 3. **Credit refundable.** If the amount of credit that an individual who is a
 76.21 resident or part-year resident of Minnesota is eligible to receive under this section exceeds
 76.22 the individual's tax liability under this chapter, the commissioner shall refund the excess
 76.23 to the individual. For a nonresident taxpayer, the credit may not exceed the taxpayer's
 76.24 liability for tax under this chapter.

76.25 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this
 76.26 section is appropriated to the commissioner from the general fund.

76.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 76.28 December 31, 2015.

76.29 Sec. 21. **[290.0684] SECTION 529 COLLEGE SAVINGS PLAN CREDIT.**

76.30 Subdivision 1. **Definitions.** For purposes of this section, the term "federal adjusted
 76.31 gross income" has the meaning given under section 62(a) of the Internal Revenue Code,
 76.32 and "nonqualified distribution" means any distribution that is includible in gross income
 76.33 under section 529 of the Internal Revenue Code.

76.34 Subd. 2. **Credit allowed.** (a) A credit of up to \$500 is allowed to a resident
 76.35 individual against the tax imposed by this chapter, subject to the limitations in paragraph

77.1 (b). The credit is not allowed to an individual who is eligible to be claimed as a dependent,
77.2 as defined in sections 151 and 152 of the Internal Revenue Code.

77.3 (b) The credit allowed must be calculated by applying the following rates to the
77.4 amount contributed to an account in a plan qualifying under section 529 of the Internal
77.5 Revenue Code, in a taxable year, reduced by any withdrawals from the account made
77.6 during the taxable year, and not including any amounts rolled over from other accounts in
77.7 plans qualifying under section 529 of the Internal Revenue Code:

77.8 (1) 50 percent for individual filers and married couples filing a joint return who have
77.9 federal adjusted gross income of not more than \$80,000;

77.10 (2) 25 percent for married couples filing a joint return who have federal adjusted
77.11 gross income over \$80,000, but not more than \$100,000;

77.12 (3) ten percent for married couples filing a joint return who have federal adjusted
77.13 gross income over \$100,000, but not more than \$120,000; and

77.14 (4) five percent for married couples filing a joint return who have federal adjusted
77.15 gross income over \$120,000, but not more than \$160,000.

77.16 (c) The income thresholds in paragraph (b), clauses (1) to (4), used to calculate the
77.17 credit, must be adjusted for inflation. The commissioner shall adjust by the percentage
77.18 determined under the provisions of section 1(f) of the Internal Revenue Code, except that
77.19 in section 1(f)(3)(B) the word "2015" is substituted for the word "1992." For 2017, the
77.20 commissioner shall then determine the percent change from the 12 months ending on
77.21 August 31, 2015, to the 12 months ending on August 31, 2016, and in each subsequent
77.22 year, from the 12 months ending on August 31, 2015, to the 12 months ending on August
77.23 31 of the year preceding the taxable year. The income thresholds as adjusted for inflation
77.24 must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is
77.25 rounded up to the nearest \$10 amount. The determination of the commissioner under this
77.26 subdivision is not a rule under the Administrative Procedure Act including section 14.386.

77.27 Subd. 3. **Credit refundable.** If the amount of credit that an individual is eligible
77.28 to receive under this section exceeds the individual's tax liability under this chapter, the
77.29 commissioner shall refund the excess to the individual.

77.30 Subd. 4. **Allocation.** For a part-year resident, the credit must be allocated based on
77.31 the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

77.32 Subd. 5. **Recapture of credit.** In the case of a nonqualified distribution, the
77.33 taxpayer is liable to the commissioner for the lesser of: ten percent of the amount of the
77.34 nonqualified distribution, or the sum of credits received under this section for all years.

77.35 Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this
77.36 section is appropriated to the commissioner from the general fund.

78.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 78.2 December 31, 2015.

78.3 Sec. 22. **[290.0803] SECTION 179 EXPENSING SUBTRACTION.**

78.4 **Subdivision 1. Current year allowance.** (a) In each of the five tax years
 78.5 immediately following the tax year in which an addition is required under section 290.01,
 78.6 subdivision 19a, clause (8), or 19c, clause (13), the current year allowance equals one-fifth
 78.7 of the addition made by the taxpayer under section 290.01, subdivision 19a, clause (8),
 78.8 or 19c, clause (13).

78.9 (b) In the case of a shareholder of a corporation that is an S corporation, the current
 78.10 year allowance is reduced by the positive value of any net operating loss under section
 78.11 172 of the Internal Revenue Code generated for the tax year of the addition and, if the net
 78.12 operating loss exceeds the addition for the tax year, the current year allowance is zero.

78.13 **Subd. 2. Section 179 expensing carryover.** For purposes of this section, the current
 78.14 year allowance determined under subdivision 1 is considered to be the last modification
 78.15 allowed under section 290.01, subdivision 19b or 19d, in determining net income. If the
 78.16 amount allowed under subdivision 1 exceeds net income computed without regard to the
 78.17 current year allowance, then the excess is a section 179 expensing carryover to each of the
 78.18 ten succeeding taxable years. The entire amount of the section 179 expensing carryover
 78.19 is carried first to the earliest taxable year to which the section 179 expensing carryover
 78.20 may be carried and then to each successive year to which the section 179 expensing
 78.21 carryover may be carried.

78.22 **Subd. 3. Section 179 expensing subtraction.** A taxpayer is allowed a section 179
 78.23 expensing subtraction from federal taxable income under section 290.01, subdivision 19b
 78.24 or 19d. The subtraction equals the sum of:

78.25 (1) the current year allowance determined under subdivision 1; and

78.26 (2) any section 179 expensing carryover from prior taxable years determined under
 78.27 subdivision 2.

78.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 78.29 December 31, 2015.

78.30 Sec. 23. Minnesota Statutes 2014, section 290.091, subdivision 2, is amended to read:

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

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

79.1 (1) the taxpayer's federal alternative minimum taxable income as defined in section
79.2 55(b)(2) of the Internal Revenue Code;

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

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

79.7 (ii) the medical expense deduction;

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

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

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

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

79.19 (5) to the extent not included in federal alternative minimum taxable income, the
79.20 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

79.21 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
79.22 to (9), and (11) to (14);

79.23 less the sum of the amounts determined under the following:

79.24 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

79.25 (2) an overpayment of state income tax as provided by section 290.01, subdivision
79.26 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

79.31 (4) amounts subtracted from federal taxable income as provided by section 290.01,
79.32 subdivision 19b, clauses (6), (8) to (14), (16), and ~~(21)~~ (22); and

79.33 (5) the amount of the net operating loss allowed under section 290.095, subdivision
79.34 11, paragraph (c).

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

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

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

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

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

80.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
80.10 December 31, 2015.

80.11 Sec. 24. Minnesota Statutes 2015 Supplement, section 290A.03, subdivision 15,
80.12 is amended to read:

80.13 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal
80.14 Revenue Code of 1986, as amended through December 31, ~~2014~~ 2015.

80.15 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds
80.16 based on property taxes payable after December 31, 2015, and rent paid after December
80.17 31, 2014.

80.18 Sec. 25. Minnesota Statutes 2015 Supplement, section 291.005, subdivision 1, is
80.19 amended to read:

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

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

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

80.29 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
80.30 1986, as amended through December 31, ~~2014~~ 2015.

80.31 (4) "Minnesota gross estate" means the federal gross estate of a decedent after
80.32 (a) excluding therefrom any property included in the estate which has its situs outside
80.33 Minnesota, and (b) including any property omitted from the federal gross estate which

81.1 is includable in the estate, has its situs in Minnesota, and was not disclosed to federal
81.2 taxing authorities.

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

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

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

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

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

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

81.21 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
81.22 Code, owned by a nonresident decedent and that is normally kept or located in this state
81.23 because it is on loan to an organization, qualifying as exempt from taxation under section
81.24 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
81.25 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

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

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

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

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

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

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

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

82.12 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
82.13 dying after December 31, 2015.

82.14 Sec. 26. Minnesota Statutes 2014, section 291.03, is amended by adding a subdivision
82.15 to read:

82.16 Subd. 12. **Certain dispositions to government entities.** Notwithstanding any
82.17 provision of this section, no taxpayer is disqualified for the subtraction provided under
82.18 section 291.016, subdivision 3, nor is any taxpayer liable for the recapture tax provided in
82.19 subdivision 11, solely because the state, any local government unit, or any other entity
82.20 that has the power of eminent domain acquires title or possession of the land for a public
82.21 purpose within the three-year holding period.

82.22 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
82.23 dying after June 30, 2011.

82.24 Sec. 27. **AMENDED RETURNS.**

82.25 Subdivision 1. **Certain IRA rollovers.** An individual who excludes an amount
82.26 from net income in a prior taxable year through rollover of an airline payment amount to
82.27 a traditional IRA, as authorized under Public Law 114-113, division Q, title III, section
82.28 307, may file an amended individual income tax return and claim for refund of state taxes
82.29 as provided under Minnesota Statutes, section 289A.40, subdivision 1, or, if later, by
82.30 September 1, 2016.

82.31 Subd. 2. **Exclusion for certain incarcerated individuals.** An individual who
82.32 excludes from net income in a prior taxable year civil damages, restitution, or other

83.1 monetary award received as compensation for a wrongful incarceration, as authorized
 83.2 under Public Law 114-113, division Q, title III, section 304, may file an amended
 83.3 individual income tax return and claim for refund of state taxes as provided under
 83.4 Minnesota Statutes, section 289A.40, subdivision 1, or, if later, by September 1, 2016.

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

83.6 Sec. 28. **ESTATE TAX REVIEW; TEMPORARY LIMIT ON ASSESSMENTS.**

83.7 (a) The commissioner of revenue shall:

83.8 (1) review the estate tax's definition of qualified farm property and its linkage to the
 83.9 property tax classification of the property during the three-year period following the
 83.10 death of the decedent; and

83.11 (2) by February 1, 2017, report to the committees of the house of representatives
 83.12 and the senate with jurisdiction over taxes on alternative methods of ensuring that the
 83.13 use of the property by qualified heirs during the three-year period after the decedent's
 83.14 death is consistent with the purpose of limiting the subtraction to properties where its use
 83.15 continues that of the decedent without any material change in its use by the qualified heirs
 83.16 and its ownership is consistent with maintaining family ownership of the farm.

83.17 (b) Prior to June 1, 2017, the commissioner of revenue shall not assess recapture tax
 83.18 under Minnesota Statutes, section 291.03, subdivision 11, for a change in the property tax
 83.19 classification of agricultural homestead property if the following conditions are satisfied:

83.20 (1) the property is held in a trust of which the surviving spouse is a beneficiary; and

83.21 (2) the property receives partial homestead classification because a beneficiary of
 83.22 the trust is the owner of another agricultural homestead.

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

83.24 Sec. 29. **INDIVIDUAL INCOME TAX COLLECTION ACTION PROHIBITED.**

83.25 Notwithstanding any law to the contrary, the commissioner of revenue shall not
 83.26 increase the amount due or decrease the refund for an individual income tax return for
 83.27 the taxable year beginning after December 31, 2014, and before January 1, 2016, to the
 83.28 extent the amount due was understated or the refund was overstated because the taxpayer
 83.29 calculated the tax or refund based on the Internal Revenue Code, as amended through
 83.30 December 31, 2014, rather than based on the Internal Revenue Code, as amended through
 83.31 December 31, 2015, as provided in this act.

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

84.1 Sec. 30. **REPEALER.**84.2 Minnesota Statutes 2014, section 290.067, subdivisions 2 and 2a, are repealed.84.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after84.4 December 31, 2015.84.5 **ARTICLE 4**84.6 **SALES AND USE TAXES**

84.7 Section 1. Minnesota Statutes 2014, section 297A.61, subdivision 3, is amended to read:

84.8 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited
 84.9 to, each of the transactions listed in this subdivision. In applying the provisions of this
 84.10 chapter, the terms "tangible personal property" and "retail sale" include the taxable
 84.11 services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision
 84.12 of these taxable services, unless specifically provided otherwise. Services performed by
 84.13 an employee for an employer are not taxable. Services performed by a partnership or
 84.14 association for another partnership or association are not taxable if one of the entities owns
 84.15 or controls more than 80 percent of the voting power of the equity interest in the other
 84.16 entity. Services performed between members of an affiliated group of corporations are not
 84.17 taxable. For purposes of the preceding sentence, "affiliated group of corporations" means
 84.18 those entities that would be classified as members of an affiliated group as defined under
 84.19 United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

84.20 (b) Sale and purchase include:

84.21 (1) any transfer of title or possession, or both, of tangible personal property, whether
84.22 absolutely or conditionally, for a consideration in money or by exchange or barter; and84.23 (2) the leasing of or the granting of a license to use or consume, for a consideration
84.24 in money or by exchange or barter, tangible personal property, other than a manufactured
84.25 home used for residential purposes for a continuous period of 30 days or more.84.26 (c) Sale and purchase include the production, fabrication, printing, or processing of
84.27 tangible personal property for a consideration for consumers who furnish either directly or
84.28 indirectly the materials used in the production, fabrication, printing, or processing.

84.29 (d) Sale and purchase include the preparing for a consideration of food.

84.30 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited
84.31 to, the following:

84.32 (1) prepared food sold by the retailer;

84.33 (2) soft drinks;

84.34 (3) candy;

84.35 (4) dietary supplements; and

85.1 (5) all food sold through vending machines.

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

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

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

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

85.11 (2) lodging and related services by a hotel, rooming house, resort, campground,
85.12 motel, or trailer camp, including furnishing the guest of the facility with access to
85.13 telecommunication services, and the granting of any similar license to use real property in
85.14 a specific facility, other than the renting or leasing of it for a continuous period of 30 days
85.15 or more under an enforceable written agreement that may not be terminated without prior
85.16 notice and including accommodations intermediary services provided in connection with
85.17 other services provided under this clause;

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

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

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

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

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

85.30 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
85.31 material used in road construction; and delivery of concrete block by a third party if the
85.32 delivery would be subject to the sales tax if provided by the seller of the concrete block.

85.33 For purposes of this clause, "road construction" means construction of:

85.34 (i) public roads;

85.35 (ii) cartways; and

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

86.3 (6) services as provided in this clause:

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

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

86.11 (iii) building and residential cleaning, maintenance, and disinfecting services and
86.12 pest control and exterminating services;

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

86.19 (v) pet grooming services;

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

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

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

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

86.35 (i) A sale and a purchase includes the furnishing for a consideration of
86.36 telecommunications services, ancillary services associated with telecommunication

87.1 services, and pay television services. Telecommunication services include, but are
 87.2 not limited to, the following services, as defined in section 297A.669: air-to-ground
 87.3 radiotelephone service, mobile telecommunication service, postpaid calling service,
 87.4 prepaid calling service, prepaid wireless calling service, and private communication
 87.5 services. The services in this paragraph are taxed to the extent allowed under federal law.

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

87.9 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer
 87.10 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)
 87.11 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section
 87.12 59B.02, subdivision 11.

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

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

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

87.27 Sec. 2. Minnesota Statutes 2014, section 297A.66, subdivision 1, is amended to read:

87.28 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States
 87.29 Constitution and the laws of the United States, "retailer maintaining a place of business in
 87.30 this state," or a similar term, means a retailer:

87.31 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate,
 87.32 an office, place of distribution, sales, storage, or sample room or place, warehouse, or
 87.33 other place of business, including the employment of a resident of this state who works
 87.34 from a home office in this state; or

88.1 (2) having a representative, including, but not limited to, an affiliate, agent,
 88.2 salesperson, canvasser, ~~or marketplace provider~~, solicitor, or other third party operating in
 88.3 this state under the authority of the retailer or its subsidiary, for any purpose, including the
 88.4 repairing, selling, delivering, installing, facilitating sales, processing sales, or soliciting of
 88.5 orders for the retailer's goods or services, or the leasing of tangible personal property located
 88.6 in this state, whether the place of business or agent, representative, affiliate, salesperson,
 88.7 canvasser, or solicitor is located in the state permanently or temporarily, or whether or not
 88.8 the retailer, subsidiary, or affiliate is authorized to do business in this state. A retailer is
 88.9 represented by a marketplace provider in this state if the retailer makes sales in this state
 88.10 facilitated by a marketplace provider that maintains a place of business in this state.

88.11 (b) "Destination of a sale" means the location to which the retailer makes delivery of
 88.12 the property sold, or causes the property to be delivered, to the purchaser of the property,
 88.13 or to the agent or designee of the purchaser. The delivery may be made by any means,
 88.14 including the United States Postal Service or a for-hire carrier.

88.15 (c) "Marketplace provider" means any person who facilitates a retail sale by a
 88.16 retailer by:

88.17 (1) listing or advertising for sale by the retailer in any forum, tangible personal
 88.18 property, services, or digital goods that are subject to tax under this chapter; and

88.19 (2) either directly or indirectly through agreements or arrangements with third
 88.20 parties collecting payment from the customer and transmitting that payment to the
 88.21 retailer regardless of whether the marketplace provider receives compensation or other
 88.22 consideration in exchange for its services.

88.23 (d) "Total taxable retail sales" means the gross receipts from the sale of all tangible
 88.24 goods, services, and digital goods subject to sales and use tax under this chapter.

88.25 Sec. 3. Minnesota Statutes 2014, section 297A.66, subdivision 2, is amended to read:

88.26 Subd. 2. **Retailer maintaining place of business in this state.** (a) Except as
 88.27 provided in paragraph (b), a retailer maintaining a place of business in this state who
 88.28 makes retail sales in Minnesota or to a destination in Minnesota shall collect sales and use
 88.29 taxes and remit them to the commissioner under section 297A.77.

88.30 (b) A retailer with total taxable retail sales to customers in this state of less than
 88.31 \$10,000 in the 12-month period ending on the last day of the most recently completed
 88.32 calendar quarter is not required to collect and remit sales tax if it is determined to be a
 88.33 retailer maintaining a place of business in the state solely because it made sales through
 88.34 one or more marketplace providers. The provisions of this paragraph do not apply to a
 88.35 retailer that is or was registered to collect sales and use tax in this state.

89.1 Sec. 4. Minnesota Statutes 2014, section 297A.66, subdivision 4, is amended to read:

89.2 Subd. 4. **Affiliated entities.** (a) An entity is an "affiliate" of the retailer for purposes
89.3 of subdivision 1, paragraph (a), if the entity:

89.4 (1) ~~the entity~~ uses its facilities or employees in this state to advertise, promote, or
89.5 facilitate the establishment or maintenance of a market for sales of items by the retailer
89.6 to purchasers in this state or for the provision of services to the retailer's purchasers in
89.7 this state, such as accepting returns of purchases for the retailer, providing assistance in
89.8 resolving customer complaints of the retailer, or providing other services; ~~and~~

89.9 (2) ~~the retailer and the entity are related parties.~~ has the same or a similar business
89.10 name to the retailer and sells, from a location or locations in this state, tangible personal
89.11 property, digital goods, or services, taxable under this chapter, that are similar to that
89.12 sold by the retailer;

89.13 (3) maintains an office, distribution facility, salesroom, warehouse, storage place, or
89.14 other similar place of business in this state to facilitate the delivery of tangible personal
89.15 property, digital goods, or services sold by the retailer to its customers in this state;

89.16 (4) maintains a place of business in this state and uses trademarks, service marks,
89.17 or trade names in this state that are the same or substantially similar to those used by
89.18 the retailer, and that use is done with the express or implied consent of the holder of
89.19 the marks or names;

89.20 (5) delivers, installs, or assembles tangible personal property in this state, or
89.21 performs maintenance or repair services on tangible personal property in this state, for
89.22 tangible personal property sold by the retailer;

89.23 (6) facilitates the delivery of tangible personal property to customers of the retailer
89.24 by allowing the customers to pick up tangible personal property sold by the retailer at a
89.25 place of business the entity maintains in this state; or

89.26 (7) shares management, business systems, business practices, or employees with the
89.27 retailer, or engages in intercompany transactions with the retailer related to the activities
89.28 that establish or maintain the market in this state of the retailer.

89.29 (b) Two entities are related parties under this section if one of the entities meets at
89.30 least one of the following tests with respect to the other entity:

89.31 (1) one or both entities is a corporation, and one entity and any party related to that
89.32 entity in a manner that would require an attribution of stock from the corporation to the
89.33 party or from the party to the corporation under the attribution rules of section 318 of the
89.34 Internal Revenue Code owns directly, indirectly, beneficially, or constructively at least 50
89.35 percent of the value of the corporation's outstanding stock;

90.1 (2) one or both entities is a partnership, estate, or trust and any partner or beneficiary,
 90.2 and the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly,
 90.3 beneficially, or constructively, in the aggregate, at least 50 percent of the profits, capital,
 90.4 stock, or value of the other entity or both entities; ~~or~~

90.5 (3) an individual stockholder and the members of the stockholder's family (as
 90.6 defined in section 318 of the Internal Revenue Code) owns directly, indirectly, beneficially,
 90.7 or constructively, in the aggregate, at least 50 percent of the value of both entities'
 90.8 outstanding stock;

90.9 (4) the entities are related within the meaning of subsections (b) and (c) of section
 90.10 267 or 707(b)(1) of the Internal Revenue Code; or

90.11 (5) the entities have one or more ownership relationships and the relationships were
 90.12 designed with a principal purpose of avoiding the application of this section.

90.13 (c) An entity is an affiliate under the provisions of this subdivision if the requirements
 90.14 of paragraphs (a) and (b) are met during any part of the 12-month period ending on the
 90.15 first day of the month before the month in which the sale was made.

90.16 Sec. 5. Minnesota Statutes 2014, section 297A.66, is amended by adding a subdivision
 90.17 to read:

90.18 **Subd. 4b. Collection and remittance requirements for marketplace providers**
 90.19 **and marketplace sellers.** (a) A marketplace provider shall collect sales and use taxes
 90.20 and remit them to the commissioner under section 297A.77 for all facilitated sales for a
 90.21 retailer, and is subject to audit on the retail sales it facilitates unless the retailer either:

90.22 (1) provides a copy of the seller's registration to collect sales and use tax in this state
 90.23 to the marketplace provider before the marketplace provider facilitates a sale; or

90.24 (2) upon inquiry by the marketplace provider or its agent, the commissioner
 90.25 discloses that the retailer is registered to collect sales and use taxes in this state.

90.26 (b) Nothing in this subdivision shall be construed to interfere with the ability of a
 90.27 marketplace provider and a retailer to enter into an agreement regarding fulfillment of
 90.28 the requirements of this chapter.

90.29 (c) A marketplace provider is not liable under this subdivision for failure to file and
 90.30 collect and remit sales and use taxes if the marketplace provider demonstrates that the
 90.31 error was due to incorrect or insufficient information given to the marketplace provider by
 90.32 the retailer. This paragraph does not apply if the marketplace provider and the marketplace
 90.33 seller are related as defined in subdivision 4, paragraph (b).

90.34 Sec. 6. Minnesota Statutes 2014, section 297A.67, subdivision 7a, is amended to read:

91.1 Subd. 7a. **Accessories and supplies.** Accessories and supplies required for the
 91.2 effective use of durable medical equipment for home use only or purchased in a transaction
 91.3 covered by Medicare or, Medicaid, or other health insurance plan, that are not already
 91.4 exempt under subdivision 7, are exempt. Accessories and supplies for the effective use
 91.5 of a prosthetic device, that are not already exempt under subdivision 7, are exempt.
 91.6 For purposes of this subdivision "durable medical equipment," "prosthetic device,"
 91.7 "Medicare," and "Medicaid" have the definitions given in subdivision 7-, and "other health
 91.8 insurance plan" means a health plan defined in section 62A.011, subdivision 3, or 62V.02,
 91.9 subdivision 4, or a qualified health plan defined in section 62A.011, subdivision 7.

91.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 91.11 June 30, 2016.

91.12 Sec. 7. Minnesota Statutes 2014, section 297A.67, is amended by adding a subdivision
 91.13 to read:

91.14 Subd. 34. **Suite licenses.** The sale of the privilege of admission under section
 91.15 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic
 91.16 event does not include consideration paid for a license to use a private suite, private
 91.17 skybox, or private box seat provided that: (1) the lessee may use the private suite, private
 91.18 skybox, or private box seat by mutual arrangement with the lessor on days when there is
 91.19 no amusement or athletic event; and (2) the sales price for the privilege of admission is
 91.20 separately stated and is equal to or greater than the highest priced general admission ticket
 91.21 for the closest seat not in the private suite, private skybox, or private box seat.

91.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 91.23 June 30, 2016.

91.24 Sec. 8. Minnesota Statutes 2014, section 297A.67, is amended by adding a subdivision
 91.25 to read:

91.26 Subd. 35. **Stadium builder's licenses.** The sale of the privilege of admission under
 91.27 section 297A.61, subdivision 3, paragraph (g), clause (1), does not include consideration
 91.28 paid for a stadium builder's license authorized under section 473J.15, subdivision 14.

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

91.30 Sec. 9. Minnesota Statutes 2014, section 297A.68, subdivision 9, is amended to read:

91.31 Subd. 9. **Super Bowl admissions and related events.** (a) The granting of the
 91.32 privilege of admission to a world championship football game sponsored by the National

92.1 Football League is and to related events sponsored by the National Football League or its
 92.2 affiliates, or the Minnesota Super Bowl Host Committee, are exempt.

92.3 (b) The sale of nonresidential parking by the National Football League for
 92.4 attendance at a world championship football game sponsored by the National Football
 92.5 League and for related events sponsored by the National Football League or its affiliates,
 92.6 or the Minnesota Super Bowl Host Committee, is exempt.

92.7 (c) For the purposes of this subdivision:

92.8 (1) "related events sponsored by the National Football League or its affiliates"
 92.9 includes but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate,
 92.10 NFL On Location, and NFL House; and

92.11 (2) "affiliates" does not include National Football League teams.

92.12 **EFFECTIVE DATE.** The amendments to this section are effective for sales and
 92.13 purchases made after June 30, 2016, and before March 1, 2018.

92.14 Sec. 10. Minnesota Statutes 2014, section 297A.70, subdivision 14, is amended to read:

92.15 Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of
 92.16 tangible personal property or services at, and admission charges for fund-raising events
 92.17 sponsored by, a nonprofit organization are exempt if:

92.18 (1) all gross receipts are recorded as such, in accordance with generally accepted
 92.19 accounting practices, on the books of the nonprofit organization; and

92.20 (2) the entire proceeds, less the necessary expenses for the event, will be used solely
 92.21 and exclusively for charitable, religious, or educational purposes. Exempt sales include
 92.22 the sale of prepared food, candy, and soft drinks at the fund-raising event.

92.23 (b) This exemption is limited in the following manner:

92.24 (1) it does not apply to admission charges for events involving bingo or other
 92.25 gambling activities or to charges for use of amusement devices involving bingo or other
 92.26 gambling activities;

92.27 (2) all gross receipts are taxable if the profits are not used solely and exclusively for
 92.28 charitable, religious, or educational purposes;

92.29 (3) it does not apply unless the organization keeps a separate accounting record,
 92.30 including receipts and disbursements from each fund-raising event that documents all
 92.31 deductions from gross receipts with receipts and other records;

92.32 (4) it does not apply to any sale made by or in the name of a nonprofit corporation as
 92.33 the active or passive agent of a person that is not a nonprofit corporation;

92.34 (5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

93.1 (6) it does not apply to fund-raising events conducted on premises leased for more
93.2 than ~~five~~ ten days but less than 30 days; and

93.3 (7) it does not apply if the risk of the event is not borne by the nonprofit organization
93.4 and the benefit to the nonprofit organization is less than the total amount of the state and
93.5 local tax revenues forgone by this exemption.

93.6 (c) For purposes of this subdivision, a "nonprofit organization" means any unit of
93.7 government, corporation, society, association, foundation, or institution organized and
93.8 operated for charitable, religious, educational, civic, fraternal, and senior citizens' or
93.9 veterans' purposes, no part of the net earnings of which inures to the benefit of a private
93.10 individual.

93.11 (d) For purposes of this subdivision, "fund-raising events" means activities of
93.12 limited duration, not regularly carried out in the normal course of business, that attract
93.13 patrons for community, social, and entertainment purposes, such as auctions, bake sales,
93.14 ice cream socials, block parties, carnivals, competitions, concerts, concession stands,
93.15 craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion
93.16 shows, festivals, galas, special event workshops, sporting activities such as marathons and
93.17 tournaments, and similar events. Fund-raising events do not include the operation of a
93.18 regular place of business in which services are provided or sales are made during regular
93.19 hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales,
93.20 regularly scheduled classes, or other activities carried out in the normal course of business.

93.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
93.22 June 30, 2016.

93.23 Sec. 11. Minnesota Statutes 2014, section 297A.71, is amended by adding a
93.24 subdivision to read:

93.25 **Subd. 49. Siding production facility materials.** Building materials and supplies
93.26 for constructing a siding production facility that can produce at least 400,000,000 square
93.27 feet of siding per year are exempt. The tax must be imposed and collected as if the rate
93.28 under section 297A.62, subdivision 1, applied, and then refunded in the manner provided
93.29 in section 297A.75.

93.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
93.31 June 30, 2016.

93.32 Sec. 12. Minnesota Statutes 2014, section 297A.71, is amended by adding a
93.33 subdivision to read:

94.1 Subd. 50. **Properties destroyed by fire.** Building materials and supplies used in,
 94.2 and equipment incorporated into, the construction or replacement of real property that is
 94.3 located in Madelia affected by the fire on February 3, 2016, are exempt. The tax must be
 94.4 imposed and collected as if the rate under section 297A.62, subdivision 1, applied and
 94.5 then refunded in the manner provided in section 297A.75.

94.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 94.7 June 30, 2016, and before July 1, 2018.

94.8 Sec. 13. Minnesota Statutes 2014, section 297A.71, is amended by adding a
 94.9 subdivision to read:

94.10 Subd. 51. **Former Duluth Central High School.** Materials and supplies used
 94.11 in and equipment incorporated into a private redevelopment project on the site of the
 94.12 former Duluth Central High School are exempt, provided the resulting development is
 94.13 subject to property taxes. The tax must be imposed and collected as if the rate under
 94.14 section 297A.62, subdivision 1, applied and then refunded in the manner provided in
 94.15 section 297A.75. The commissioner must not pay more than \$5,000,000 in refunds for
 94.16 purchases exempt under this section. Refunds must be processed and issued in the order
 94.17 that complete and accurate applications are received by the commissioner.

94.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 94.19 June 30, 2016, and before January 1, 2018.

94.20 Sec. 14. Minnesota Statutes 2014, section 297A.75, subdivision 1, is amended to read:

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

94.24 (1) building materials for an agricultural processing facility exempt under section
 94.25 297A.71, subdivision 13;

94.26 (2) building materials for mineral production facilities exempt under section
 94.27 297A.71, subdivision 14;

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

94.29 (4) building materials used in a residence for disabled veterans exempt under section
 94.30 297A.71, subdivision 11;

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

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

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

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

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

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

95.10 (11) materials, supplies, and equipment for construction, improvement, or expansion
95.11 of:

95.12 (i) an aerospace defense manufacturing facility exempt under section 297A.71,
95.13 subdivision 42;

95.14 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,
95.15 subdivision 45;

95.16 (iii) a research and development facility exempt under section 297A.71, subdivision
95.17 46; and

95.18 (iv) an industrial measurement manufacturing and controls facility exempt under
95.19 section 297A.71, subdivision 47;

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

95.22 (13) materials, supplies, and equipment for qualifying capital projects under section
95.23 297A.71, subdivision 44;

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

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

95.28 (16) building materials and supplies for constructing a siding facility exempt under
95.29 section 297A.71, subdivision 49;

95.30 (17) building materials, equipment, and supplies for constructing or replacing real
95.31 property exempt under section 297A.71, subdivision 50; and

95.32 (18) materials and supplies used in and equipment incorporated into a private
95.33 redevelopment project exempt under section 297A.71, subdivision 51.

95.34 **EFFECTIVE DATE.** Clause (16) is effective for sales and purchases made after
95.35 June 30, 2016. Clause (17) is effective for sales and purchases made after June 30, 2016,

96.1 and before July 1, 2018. Clause (18) is effective for sales and purchases made after June
 96.2 30, 2016, and before January 1, 2018.

96.3 Sec. 15. Minnesota Statutes 2014, section 297A.75, subdivision 2, is amended to read:

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

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

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

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

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

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

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

96.17 (7) for subdivision 1, clauses (8), (11), (12), ~~and (15), and (16)~~, the owner of the
 96.18 qualifying business; ~~and~~

96.19 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the
 96.20 governmental entity that owns or contracts for the project or facility; and

96.21 (9) for subdivision 1, clauses (17) and (18), the applicant must be the owner or
 96.22 developer of the building or project.

96.23 **EFFECTIVE DATE.** The change to clause (7) is effective for sales and purchases
 96.24 made after June 30, 2016. Clause (9) is effective for sales and purchases made after June
 96.25 30, 2016, and before July 1, 2018, as it pertains to Minnesota Statutes, section 297A.71,
 96.26 subdivision 1, clause (17), and for sales and purchases made after June 30, 2016, and
 96.27 before January 1, 2018, as it pertains to Minnesota Statutes, section 297A.71, subdivision
 96.28 1, clause (18).

96.29 Sec. 16. Minnesota Statutes 2014, section 297A.75, subdivision 3, is amended to read:

96.30 Subd. 3. **Application.** (a) The application must include sufficient information
 96.31 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
 96.32 subcontractor, or builder, under subdivision 1, clauses (3) to (13), or (15); to (18), the
 96.33 contractor, subcontractor, or builder must furnish to the refund applicant a statement
 96.34 including the cost of the exempt items and the taxes paid on the items unless otherwise

97.1 specifically provided by this subdivision. The provisions of sections 289A.40 and
 97.2 289A.50 apply to refunds under this section.

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

97.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 97.6 June 30, 2016.

97.7 Sec. 17. Minnesota Statutes 2014, section 297A.815, subdivision 3, is amended to read:

97.8 Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision,
 97.9 "net revenue" means an amount equal to the revenues, including interest and penalties,
 97.10 collected under this section, during the fiscal year; less \$32,000,000 in each fiscal year.

97.11 (b) On or before June 30 of each fiscal year, the commissioner of revenue shall
 97.12 estimate the amount of the net revenue for the current fiscal year.

97.13 (c) On or after July 1 of the subsequent fiscal year, the commissioner of management
 97.14 and budget shall transfer the net revenue as estimated in paragraph (b) from the general
 97.15 fund, as follows:

97.16 (1) \$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter to
 97.17 the county state-aid highway fund. Notwithstanding any other law to the contrary, the
 97.18 commissioner of transportation shall allocate the funds transferred under this clause to the
 97.19 counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding
 97.20 the counties of Hennepin and Ramsey, so that each county shall receive of such amount
 97.21 the percentage that its population, as defined in section 477A.011, subdivision 3, estimated
 97.22 or established by July 15 of the year prior to the current calendar year, bears to the total
 97.23 population of the counties receiving funds under this clause; and

97.24 (2) the remainder to the greater Minnesota transit account.

97.25 (d) The revenues deposited under this subdivision do not include the revenues,
 97.26 including interest and penalties, generated by the sales tax imposed under section
 97.27 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota
 97.28 Constitution, article XI, section 15.

97.29 **EFFECTIVE DATE.** This section is effective beginning with the estimate that must
 97.30 be completed on or before June 30, 2017, for a transfer that occurs on or after July 1, 2017,
 97.31 except paragraph (c) is effective the day following final enactment.

97.32 Sec. 18. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,
 97.33 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws

98.1 2003, First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154,
98.2 article 5, section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

98.3 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other
98.4 law, ordinance, or city charter provision to the contrary, the city of Duluth may, by
98.5 ordinance, impose an additional sales tax of up to one and three-quarter percent on sales
98.6 transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision
98.7 3, clause (c). The imposition of this tax shall not be subject to voter referendum under
98.8 either state law or city charter provisions. When the city council determines that the taxes
98.9 imposed under this paragraph at a rate of three-quarters of one percent and other sources
98.10 of revenue produce revenue sufficient to pay debt service on bonds in the principal amount
98.11 of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the
98.12 Duluth Entertainment and Convention Center, which include a new arena, the rate of tax
98.13 under this subdivision must be reduced by three-quarters of one percent.

98.14 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
98.15 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
98.16 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of
98.17 one percent on sales transactions which are described in Minnesota Statutes 2000, section
98.18 297A.01, subdivision 3, clause (c). This tax expires when the city council determines
98.19 that the tax imposed under this paragraph, along with the tax imposed under section
98.20 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds
98.21 in a principal amount of no more than \$18,000,000, plus issuance and discount costs,
98.22 to finance capital improvements to public facilities to support tourism and recreational
98.23 activities in that portion of the city west of ~~34th~~ 14th Avenue West and the area south of
98.24 and including Skyline Parkway.

98.25 (c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation
98.26 bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the
98.27 costs of issuance and any premiums. The proceeds may be used to finance capital
98.28 improvements to public facilities that support tourism and recreational activities in the
98.29 portion of the city west of ~~34th~~ 14th Avenue West and the area south of and including
98.30 Skyline Parkway, as described in paragraph (b). The issuance of the bonds is subject to the
98.31 provisions of Minnesota Statutes, chapter 475, except no election shall be required unless
98.32 required by the city charter. The bonds shall not be included in computing net debt. The
98.33 revenues from the taxes that the city of Duluth may impose under paragraph (b) and under
98.34 section 22, paragraph (b), may be pledged to pay principal of and interest on such bonds.

99.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 99.2 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
 99.3 645.021, subdivisions 2 and 3.

99.4 Sec. 19. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389,
 99.5 article 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and
 99.6 Laws 2014, chapter 308, article 3, section 22, is amended to read:

99.7 **Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND**
 99.8 **MOTELS.**

99.9 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or
 99.10 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,
 99.11 impose an additional tax of one percent upon the gross receipts from the sale of lodging
 99.12 for periods of less than 30 days in hotels and motels located in the city. The tax shall be
 99.13 collected in the same manner as the tax set forth in the Duluth city charter, section 54(d),
 99.14 paragraph one. The imposition of this tax shall not be subject to voter referendum under
 99.15 either state law or city charter provisions.

99.16 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
 99.17 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
 99.18 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half
 99.19 of one percent on the gross receipts from the sale of lodging for periods of less than
 99.20 30 days in hotels and motels located in the city. This tax expires when the city council
 99.21 first determines that the tax imposed under this paragraph, along with the tax imposed
 99.22 under section 21, paragraph (b), has produced revenues sufficient to pay the debt
 99.23 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and
 99.24 discount costs, to finance capital improvements to public facilities to support tourism and
 99.25 recreational activities in that portion of the city west of ~~34th~~ 14th Avenue West and the
 99.26 area south of and including Skyline Parkway.

99.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 99.28 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
 99.29 645.021, subdivisions 2 and 3.

99.30 Sec. 20. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by
 99.31 Laws 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9,
 99.32 and Laws 2009, chapter 88, article 4, section 14, is amended to read:

99.33 **Subd. 3. Use of revenues.** (a) Revenues received from taxes authorized by
 99.34 subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to

100.1 pay all or a portion of the expenses of constructing and improving facilities as part of an
100.2 urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized
100.3 expenses include, but are not limited to, acquiring property and paying relocation expenses
100.4 related to the development of Riverfront 2000 and related facilities, and securing or paying
100.5 debt service on bonds or other obligations issued to finance the construction of Riverfront
100.6 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related
100.7 facilities" means a civic-convention center, an arena, a riverfront park, a technology center
100.8 and related educational facilities, and all publicly owned real or personal property that
100.9 the governing body of the city determines will be necessary to facilitate the use of these
100.10 facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and
100.11 landscaping. It also includes the performing arts theatre and the Southern Minnesota
100.12 Women's Hockey Exposition Center, for use by Minnesota State University, Mankato.

100.13 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and subject
100.14 to voter approval at a general election held before December 31, 2018; provided that the
100.15 sales tax in the city of North Mankato is also extended at the same general election, the
100.16 city may by ordinance also use revenues from taxes authorized under subdivisions 1 and
100.17 2, up to a maximum of \$47,000,000, plus associated bond costs, to pay all or a portion of
100.18 the expenses of the following capital projects:

100.19 (1) construction and improvements to regional recreational facilities including
100.20 existing hockey and curling rinks, a baseball park, youth athletic fields and facilities, the
100.21 municipal swimming pool including improvements to make the pool compliant with the
100.22 Americans with Disabilities Act, and indoor regional athletic facilities;

100.23 (2) improvements to flood control and the levee system;

100.24 (3) water quality improvement projects in Blue Earth and Nicollet Counties;

100.25 (4) expansion of the regional transit building and related multimodal transit
100.26 improvements;

100.27 (5) regional public safety and emergency communications improvements and
100.28 equipment; and

100.29 (6) matching funds for improvements to publicly owned regional facilities including
100.30 a historic museum, supportive housing, and a senior center.

100.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of
100.32 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
100.33 645.021, subdivisions 2 and 3.

101.1 Sec. 21. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by
 101.2 Laws 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter
 101.3 366, article 7, section 10, is amended to read:

101.4 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The
 101.5 authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax
 101.6 shall expire ~~on~~ at the earlier of when revenues are sufficient to pay off the bonds, including
 101.7 interest and all other associated bond costs authorized under subdivision 5, or December 31,
 101.8 2022, unless the additional uses under subdivision 3, paragraph (b) or (c), are authorized.
 101.9 If the additional use allowed in subdivision 3, paragraph (b), is authorized, the taxes expire
 101.10 at the earlier of when revenues are sufficient to pay off the bonds, including interest and
 101.11 all other associated bond costs authorized under subdivision 5, or December 31, 2038.

101.12 **EFFECTIVE DATE.** This section is effective the day following final enactment
 101.13 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

101.14 Sec. 22. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

101.15 Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the
 101.16 city in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities,
 101.17 without election under Minnesota Statutes, chapter 475, on the question of issuance of the
 101.18 bonds or a tax to pay them. The debt represented by bonds issued for Riverfront 2000
 101.19 and related facilities shall not be included in computing any debt limitations applicable
 101.20 to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal
 101.21 of and interest on the bonds shall not be subject to any levy limitation or be included in
 101.22 computing or applying any levy limitation applicable to the city.

101.23 (b) The city of Mankato, subject to voter approval at the election required under
 101.24 subdivision 3, paragraph (b), may issue general obligation bonds of the city in an amount
 101.25 not to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b),
 101.26 without election under Minnesota Statutes, chapter 475, on the question of issuance of the
 101.27 bonds or a tax to pay them. The debt represented by bonds under this paragraph shall not be
 101.28 included in computing any debt limitations applicable to the city of Mankato, and the levy
 101.29 of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on
 101.30 the bonds, and shall not be subject to any levy limitation or be included in computing or
 101.31 applying any levy limitation applicable to the city. The city may use tax revenue in excess
 101.32 of one year's principal interest reserve for intended annual bond payments to pay all or a
 101.33 portion of the cost of capital improvements authorized in subdivision 3.

102.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
 102.2 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

102.3 Sec. 23. Laws 1991, chapter 291, article 8, section 27, subdivision 6, is amended to read:

102.4 Subd. 6. **Reverse referendum; authorization of extension.** (a) If the Mankato city
 102.5 council intends to exercise the authority provided by this section, it shall pass a resolution
 102.6 stating the fact before July 1, 1991. The resolution must be published for two successive
 102.7 weeks in the official newspaper of the city or, if there is no official newspaper, in a
 102.8 newspaper of general circulation in the city, together with a notice fixing a date for a public
 102.9 hearing on the matter. The hearing must be held at least two weeks but not more than four
 102.10 weeks after the first publication of the resolution. Following the public hearing, the city
 102.11 may determine to take no further action or adopt a resolution confirming its intention to
 102.12 exercise the authority. That resolution must also be published in the official newspaper of
 102.13 the city or, if there is no official newspaper, in a newspaper of general circulation in the
 102.14 city. If within 30 days after publication of the resolution a petition signed by voters equal
 102.15 in number to ten percent of the votes cast in the city in the last general election requesting
 102.16 a vote on the proposed resolution is filed with the county auditor, the resolution is not
 102.17 effective until it has been submitted to the voters at a general or special election and a
 102.18 majority of votes cast on the question of approving the resolution are in the affirmative. The
 102.19 commissioner of revenue shall prepare a suggested form of question to be presented at the
 102.20 election. The referendum must be held at a special or general election before December 1,
 102.21 1991. This subdivision applies notwithstanding any city charter provision to the contrary.

102.22 (b) If the Mankato city council wishes to extend the taxes authorized under
 102.23 subdivisions 1 and 2 to fund any of the projects listed in subdivision 3, paragraph (b), the
 102.24 city must pass a resolution extending the taxes before July 1, 2016. The tax may not be
 102.25 imposed unless approved by the voters.

102.26 **EFFECTIVE DATE.** This section is effective the day following final enactment
 102.27 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

102.28 Sec. 24. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by
 102.29 Laws 2006, chapter 259, article 3, section 3, and Laws 2011, First Special Session chapter
 102.30 7, article 4, section 4, is amended to read:

102.31 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes,
 102.32 section 477A.016, or any other contrary provision of law, ordinance, or city charter, the
 102.33 city of Hermantown may, by ordinance, impose an additional sales tax of up to one percent
 102.34 on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur

103.1 within the city. The proceeds of the tax imposed under this section must be used to pay
 103.2 the cost of collection of the tax and to meet the costs, including principal, interest, and
 103.3 premiums of bonds used in the finance of:

103.4 (1) extending a sewer interceptor line;

103.5 (2) construction of a booster pump station, reservoirs, and related improvements
 103.6 to the water system; ~~and~~

103.7 (3) construction of a building containing a police and fire station and an
 103.8 administrative services facility; and

103.9 (4) construction and equipping of a regional, multiuse wellness center.

103.10 (b) If the city imposed a sales tax of only one-half of one percent under paragraph
 103.11 (a), it may increase the tax to one percent to fund the purposes under paragraph (a)
 103.12 provided it is approved by the voters at a general election held before December 31, 2012.

103.13 (c) The tax imposed in paragraph (a) may only be used to fund projects listed in
 103.14 paragraph (a), clause (4), if approved by the local voters at the November 8, 2016, general
 103.15 election. Revenue raised from the tax imposed under this subdivision in every year must
 103.16 first be used to meet obligations in that year related to the projects in paragraph (a), clauses
 103.17 (1) to (3), with excess revenues available to fund the projects in paragraph (a), clause (4).

103.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 103.19 the city of Hermantown and its chief clerical officer comply with Minnesota Statutes,
 103.20 section 645.021, subdivisions 2 and 3.

103.21 Sec. 25. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by
 103.22 Laws 2006, chapter 259, article 3, section 4, is amended to read:

103.23 Subd. 4. **Termination.** The tax authorized under this section terminates on March
 103.24 31, 2026, unless the additional use under subdivision 1, paragraph (a), is approved
 103.25 as required under subdivision 1, paragraph (c). If the additional project is approved
 103.26 as required under subdivision 1, paragraph (c), the tax authorized under this section
 103.27 terminates at the earlier of (1) December 31, 2036, or (2) when the Hermantown City
 103.28 Council first determines that sufficient funds have been received from the tax to fund the
 103.29 costs, including bonds and associated bond costs for the uses specified in subdivision 1,
 103.30 paragraph (a). Any funds remaining after completion of the improvements and retirement
 103.31 or redemption of the bonds may be placed in the general fund of the city.

103.32 **EFFECTIVE DATE.** This section is effective the day following final enactment
 103.33 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

104.1 Sec. 26. Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended by
 104.2 Laws 2008, chapter 366, article 7, section 12, is amended to read:

104.3 Subdivision 1. **Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section
 104.4 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city
 104.5 voters at the first municipal general election held after the date of final enactment of this act
 104.6 or at a special election held November 2, 1999, the city of Proctor may impose by ordinance
 104.7 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision
 104.8 3. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,
 104.9 administration, collection, and enforcement of the tax authorized under this subdivision.

104.10 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of
 104.11 law, ordinance, or city charter, the city of Proctor may impose by ordinance an additional
 104.12 sales and use tax of up to one-half of one percent as approved by the voters at the
 104.13 November 4, 2014, general election. The revenues received from the additional tax must
 104.14 be used for the purposes specified in subdivision 3, paragraph (b).

104.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 104.16 the city of Proctor and its chief clerical officer comply with Minnesota Statutes, section
 104.17 645.021, subdivisions 2 and 3, but only if the local approval requirement under section
 104.18 10 is also met.

104.19 Sec. 27. Laws 2008, chapter 366, article 7, section 20, is amended to read:

104.20 Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

104.21 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
 104.22 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to
 104.23 the approval of the voters on November 7, 2006, the city of North Mankato may impose
 104.24 by ordinance a sales and use tax of one-half of one percent for the purposes specified
 104.25 in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the
 104.26 imposition, administration, collection, and enforcement of the taxes authorized under
 104.27 this subdivision.

104.28 Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by
 104.29 subdivision 1 must be used to pay all or part of the capital costs of the following projects:

104.30 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41
 104.31 interchange project;

104.32 (2) development of regional parks and hiking and biking trails, including
 104.33 construction of indoor regional athletic facilities;

104.34 (3) expansion of the North Mankato Taylor Library;

104.35 (4) riverfront redevelopment; and

105.1 (5) lake improvement projects.

105.2 The total amount of revenues from the tax in subdivision 1 that may be used to fund
105.3 these projects is \$6,000,000 plus any associated bond costs.

105.4 (b) If the city extends the tax as authorized under subdivision 2a, the total amount that
105.5 may be used to fund these projects is increased by \$9,000,000, plus associated bond costs.

105.6 Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes,
105.7 section 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend
105.8 the tax authorized under subdivision 1 to cover an additional \$9,000,000 in bonds, plus
105.9 associated bond costs, to fund the projects in subdivision 2, paragraph (a), if approved by
105.10 the voters at a general election held before December 31, 2018; provided that the sales tax
105.11 in the city of Mankato is also extended at the same general election.

105.12 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the
105.13 voters at the November 7, 2006 referendum authorizing the imposition of the taxes in
105.14 this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and
105.15 administrative expenses for the projects described in subdivision 2, paragraph (a), in an
105.16 amount that does not exceed \$6,000,000. A separate election to approve the bonds under
105.17 Minnesota Statutes, section 475.58, is not required.

105.18 (b) The city of North Mankato, subject to the referendum in subdivision 2a, allowing
105.19 for additional revenue to be spent for the projects in subdivision 2, may issue additional
105.20 bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses
105.21 for those projects in an amount that does not exceed \$9,000,000. A separate election to
105.22 approve the bonds under Minnesota Statutes, section 475.58, is not required.

105.23 ~~(b)~~ (c) The debt represented by the bonds is not included in computing any debt
105.24 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section
105.25 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

105.26 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires when
105.27 the city council determines that the amount of revenues received from the taxes to pay for
105.28 the projects under subdivision 2, paragraph (a), first equals or exceeds \$6,000,000 plus the
105.29 additional amount needed to pay the costs related to issuance of bonds under subdivision
105.30 3, including interest on the bonds, unless the tax is extended as allowed in this section. If
105.31 the tax is extended as allowed under the referendum under subdivision 2a, the tax expires
105.32 at the earlier of December 31, 2038, or when revenues from the taxes first equal or exceed
105.33 \$15,000,000 plus the additional amount needed to pay costs related to issuance of bonds
105.34 under subdivision 3, including interest. Any funds remaining after completion of the
105.35 projects and retirement or redemption of the bonds shall be placed in a capital facilities

106.1 and equipment replacement fund of the city. The tax imposed under subdivision 1 may
106.2 expire at an earlier time if the city so determines by ordinance.

106.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of
106.4 the city of North Mankato and its chief clerical officer comply with Minnesota Statutes,
106.5 section 645.021, subdivisions 2 and 3.

106.6 Sec. 28. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

106.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota
106.8 Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance,
106.9 or city charter, and as approved by the voters at a special election on March 7, 2016, the
106.10 city of East Grand Forks may impose, by ordinance, a sales and use tax of up to one
106.11 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
106.12 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
106.13 administration, collection, and enforcement of the tax authorized under this subdivision.

106.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax
106.15 authorized under subdivision 1 must be used by the city of East Grand Forks to pay the
106.16 costs of collecting and administering the tax and to finance the capital and administrative
106.17 costs of improvement to the city public swimming pool. Authorized expenses include,
106.18 but are not limited to, paying construction expenses related to the renovation and the
106.19 development of these facilities and improvements, and securing and paying debt service
106.20 on bonds issued under subdivision 3 or other obligations issued to finance improvement of
106.21 the public swimming pool in the city of East Grand Forks

106.22 Subd. 3. **Bonding authority.** (a) The city of East Grand Forks may issue bonds
106.23 under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the
106.24 facilities authorized in subdivision 2. The aggregate principal amount of bonds issued
106.25 under this subdivision may not exceed \$2,820,000, plus an amount to be applied to the
106.26 payment of the costs of issuing the bonds. The bonds may be paid from or secured by
106.27 any funds available to the city of East Grand Forks, including the tax authorized under
106.28 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
106.29 Statutes, sections 275.60 and 275.61.

106.30 (b) The bonds are not included in computing any debt limitation applicable to the
106.31 city of East Grand Forks, and any levy of taxes under Minnesota Statutes, section 475.61,
106.32 to pay principal and interest on the bonds is not subject to any levy limitation. A separate
106.33 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

107.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at
 107.2 the later of: (1) five years after the tax is first imposed; or (2) when the city council
 107.3 determines that \$2,820,000 has been received from the tax to pay for the cost of the
 107.4 projects authorized under subdivision 2, plus an amount sufficient to pay the costs related
 107.5 to issuance of the bonds authorized under subdivision 3, including interest on the bonds.
 107.6 Any funds remaining after payment of all such costs and retirement or redemption of the
 107.7 bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1
 107.8 may expire at an earlier time if the city so determines by ordinance.

107.9 **EFFECTIVE DATE.** This section is effective the day after compliance by the
 107.10 governing body of the city of East Grand Forks with Minnesota Statutes, section 645.021,
 107.11 subdivisions 2 and 3.

107.12 Sec. 29. **CITY OF MARSHALL; VALIDATION OF PRIOR ACT.**

107.13 (a) Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city
 107.14 of Marshall may approve Laws 2011, First Special Session chapter 7, article 4, section
 107.15 14, and file its approval with the secretary of state by June 15, 2013. If approved as
 107.16 authorized under this paragraph, actions undertaken by the city as approved by the voters
 107.17 on November 6, 2012, and otherwise in accordance with Laws 2011, First Special Session
 107.18 chapter 7, article 4, section 14, are validated.

107.19 (b) Notwithstanding the time limit on the imposition of tax under Laws 2011, First
 107.20 Special Session chapter 7, article 4, section 14, and subject to local approval under
 107.21 paragraph (a), the city of Marshall may impose the tax on or before July 1, 2013.

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

107.23 Sec. 30. **CERTAIN REIMBURSEMENT AUTHORIZED; CONSIDERED**
 107.24 **OPERATING OR CAPITAL EXPENSES.**

107.25 Subdivision 1. **Reimbursement authorized.** (a) An amount equivalent to the taxes
 107.26 paid under Minnesota Statutes, chapter 297A, and any local taxes administered by the
 107.27 Department of Revenue, on purchases of tangible personal property, nonresidential
 107.28 parking services, and lodging, as these terms are defined in Minnesota Statutes, chapter
 107.29 297A, used and consumed in connection with Super Bowl LII or related events sponsored
 107.30 by the National Football League or its affiliates, will be reimbursed by the Minnesota
 107.31 Sports Facilities Authority up to \$1,600,000, if made after June 30, 2016, and before
 107.32 March 1, 2018. Only purchases made by the Minnesota Super Bowl Host Committee, the

108.1 National Football League or its affiliates, or their employees or independent contractors,
 108.2 qualify to be reimbursed under this section.

108.3 (b) For purposes of this subdivision:

108.4 (1) "employee or independent contractor" means only those employees or
 108.5 independent contractors that make qualifying purchases that are reimbursed by the
 108.6 Minnesota Super Bowl Host Committee or the National Football League or its affiliates; and

108.7 (2) "related events sponsored by the National Football League or its affiliates"
 108.8 includes but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate,
 108.9 NFL Honors, and NFL House.

108.10 Subd. 2. **Operating reserve and capital reserve fund.** Notwithstanding the
 108.11 requirements of Minnesota Statutes, section 473J.13, subdivisions 2 and 4, up to
 108.12 \$1,600,000 of the balance in the operating reserve or capital reserve fund may be used for
 108.13 the purposes of paying reimbursements authorized under subdivision 1.

108.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 108.15 June 30, 2016, and before March 1, 2018.

108.16 Sec. 31. **SEVERABILITY.**

108.17 If any provision of sections 2 to 5 or the application thereof is held invalid, such
 108.18 invalidity shall not affect the provisions or applications of the sections that can be given
 108.19 effect without the invalid provisions or applications.

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

108.21 Sec. 32. **EFFECTIVE DATE.**

108.22 (a) The provisions of sections 2 to 5 are effective at the earlier of:

108.23 (1) a decision by the United States Supreme Court modifying its decision in *Quill*
 108.24 *Corp. v. North Dakota*, 504 U.S. 298 (1992) so that a state may require retailers without a
 108.25 physical presence in the state to collect and remit sales tax; or

108.26 (2) July 1, 2019.

108.27 (b) Notwithstanding paragraph (a) or the provisions of sections 1 to 4, if a federal
 108.28 law is enacted authorizing a state to impose a requirement to collect and remit sales tax
 108.29 on retailers without a physical presence in the state, the commissioner must enforce the
 108.30 provisions of this section and sections 1 to 4 to the extent allowed under federal law.

108.31 (c) The commissioner of revenue shall notify the revisor of statutes when either of
 108.32 the provisions in paragraph (a) or (b) apply.

109.1 **ARTICLE 5**

109.2 **SPECIAL TAXES**

109.3 Section 1. Minnesota Statutes 2014, section 296A.01, subdivision 12, is amended to
109.4 read:

109.5 Subd. 12. **Compressed natural gas or CNG.** "Compressed natural gas" or "CNG"
109.6 means natural gas, primarily methane, condensed under high pressure and stored in
109.7 specially designed storage tanks at between 2,000 and 3,600 pounds per square inch.
109.8 For purposes of this chapter, the energy content of CNG is considered to be ~~4,000~~ 900
109.9 BTUs per cubic foot.

109.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
109.11 June 30, 2016.

109.12 Sec. 2. Minnesota Statutes 2014, section 296A.01, is amended by adding a subdivision
109.13 to read:

109.14 Subd. 13a. **Dealer of gasoline used as a substitute for aviation gasoline.** "Dealer
109.15 of gasoline used as a substitute for aviation gasoline" means any person who sells gasoline
109.16 on the premises of an airport as defined under section 360.013, subdivision 39, to be
109.17 dispensed directly into the fuel tank of an aircraft.

109.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
109.19 June 30, 2016.

109.20 Sec. 3. Minnesota Statutes 2014, section 296A.07, subdivision 4, is amended to read:

109.21 Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or
109.22 denatured ethanol purchased by:

109.23 (1) a transit system or transit provider receiving financial assistance or
109.24 reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384;

109.25 (2) providers of transportation to recipients of medical assistance home and
109.26 community-based services waivers enrolled in day programs, including adult day care,
109.27 family adult day care, day treatment and habilitation, prevocational services, and
109.28 structured day services;

109.29 (3) an ambulance service licensed under chapter 144E;

109.30 (4) providers of medical or dental services by a federally qualified health center,
109.31 as defined under title 19 of the Social Security Act, as amended by Section 4161 of the
109.32 Omnibus Budget Reconciliation Act of 1990, with a motor vehicle used exclusively as a
109.33 mobile medical unit; or

- 110.1 (5) a licensed distributor to be delivered to a terminal for use in blending; or
 110.2 (6) a dealer of gasoline used as a substitute for aviation gasoline.

110.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 110.4 June 30, 2016.

110.5 Sec. 4. Minnesota Statutes 2014, section 296A.08, subdivision 2, is amended to read:

110.6 Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

110.7 (a) Liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon.

110.8 (b) Liquefied natural gas is taxed at the rate of 15 cents per gallon.

110.9 (c) Compressed natural gas is taxed at the rate of ~~\$2.174~~ \$1.974 per thousand cubic
 110.10 feet; or 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline
 110.11 equivalent," as defined by the National Conference on Weights and Measures, is 5.66
 110.12 pounds of natural gas or 126.67 cubic feet.

110.13 (d) All other special fuel is taxed at the same rate as the gasoline excise tax as
 110.14 specified in section 296A.07, subdivision 2. The tax is payable in the form and manner
 110.15 prescribed by the commissioner.

110.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 110.17 June 30, 2016.

110.18 Sec. 5. Minnesota Statutes 2014, section 296A.09, subdivision 1, is amended to read:

110.19 Subdivision 1. **Gasoline tax imposed.** Subject to any refunds or credits there is
 110.20 imposed an excise tax, at the rate of five cents per gallon on all aviation gasoline received,
 110.21 sold, stored, or withdrawn from storage in this state and on all gasoline used as a substitute
 110.22 for aviation gasoline. Aviation gasoline is defined in section 296A.01, subdivision 7.

110.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 110.24 June 30, 2016.

110.25 Sec. 6. Minnesota Statutes 2014, section 296A.09, subdivision 3, is amended to read:

110.26 Subd. 3. **Exception to tax for aviation use.** The provisions of subdivisions 1 and 2
 110.27 do not apply to gasoline used as a substitute for aviation gasoline, aviation gasoline, or
 110.28 special fuel purchased and placed in the fuel tanks of an aircraft outside the state, even
 110.29 though the gasoline may be consumed within this state.

110.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 110.31 June 30, 2016.

111.1 Sec. 7. Minnesota Statutes 2014, section 296A.09, subdivision 5, is amended to read:

111.2 Subd. 5. **Tax not on consumption.** The taxes imposed by subdivisions 1 and 2 are
111.3 expressly declared not to be a tax upon consumption of gasoline used as a substitute for
111.4 aviation gasoline, aviation gasoline₂ or special fuel by an aircraft.

111.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
111.6 June 30, 2016.

111.7 Sec. 8. Minnesota Statutes 2014, section 296A.09, subdivision 6, is amended to read:

111.8 Subd. 6. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to
111.9 gasoline used as a substitute for aviation gasoline, aviation gasoline₂ or jet fuel purchased
111.10 by an ambulance service licensed under chapter 144E.

111.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
111.12 June 30, 2016.

111.13 Sec. 9. Minnesota Statutes 2014, section 296A.15, subdivision 1, is amended to read:

111.14 Subdivision 1. **Monthly gasoline report; shrinkage allowance.** (a) Except
111.15 as provided in paragraph (e), on or before the 23rd day of each month, every person
111.16 who is required to pay a gasoline tax shall file with the commissioner a report, in the
111.17 form and manner prescribed by the commissioner, showing the number of gallons of
111.18 petroleum products received by the reporter during the preceding calendar month, and
111.19 other information the commissioner may require. A written report is deemed to have
111.20 been filed as required in this subdivision if postmarked on or before the 23rd day of the
111.21 month in which the tax is payable.

111.22 (b) The number of gallons of gasoline must be reported in United States standard
111.23 liquid gallons, 231 cubic inches, except that the commissioner may upon written
111.24 application and for cause shown permit the distributor to report the number of gallons of
111.25 gasoline as corrected to a temperature of 60-degrees Fahrenheit. If the application is
111.26 granted, all gasoline covered in the application and allowed by the commissioner must
111.27 continue to be reported by the distributor on the adjusted basis for a period of one year
111.28 from the date of the granting of the application. The number of gallons of petroleum
111.29 products other than gasoline must be reported as originally invoiced. Each report must
111.30 show separately the number of gallons of aviation gasoline received by the reporter during
111.31 each calendar month and the number of gallons of gasoline sold to a dealer of gasoline
111.32 used as a substitute for aviation fuel during each calendar month.

112.1 (c) Each report must also include the amount of gasoline tax on gasoline received by
 112.2 the reporter during the preceding month. In computing the tax a deduction of 2.5 percent
 112.3 of the quantity of gasoline received by a distributor shall be made for evaporation and loss.
 112.4 At the time of reporting, the reporter shall submit satisfactory evidence that one-third of
 112.5 the 2.5 percent deduction has been credited or paid to dealers on quantities sold to them.

112.6 (d) Each report shall contain a confession of judgment for the amount of the tax
 112.7 shown due to the extent not timely paid.

112.8 (e) Under certain circumstances and with the approval of the commissioner,
 112.9 taxpayers may be allowed to file reports annually.

112.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 112.11 June 30, 2016.

112.12 Sec. 10. Minnesota Statutes 2014, section 296A.15, subdivision 4, is amended to read:

112.13 Subd. 4. **Failure to use or sell for intended purpose; report required.** (a) Any
 112.14 person who buys gasoline from a dealer of gasoline used as a substitute for aviation
 112.15 gasoline, or buys aviation gasoline or special fuel for aircraft use and who has paid the
 112.16 excise taxes due directly or indirectly through the amount of the tax being included in the
 112.17 price, or otherwise, and uses said gasoline or special fuel in motor vehicles or knowingly
 112.18 sells it to any person for use in motor vehicles shall, on or before the 23rd day of the month
 112.19 following that in which such gasoline or special fuel was so used or sold, report the fact of
 112.20 the use or sale to the commissioner in the form and manner prescribed by the commissioner.

112.21 (b) Any person who buys gasoline other than aviation gasoline and who has paid the
 112.22 motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being
 112.23 included in the price of the gasoline, or otherwise, who knowingly sells such gasoline to any
 112.24 person to be used for the purpose of producing or generating power for propelling aircraft,
 112.25 or who receives, stores, or withdraws from storage gasoline to be used for that purpose,
 112.26 shall, on or before the 23rd day of the month following that in which such gasoline was so
 112.27 sold, stored, or withdrawn from storage, report the fact of the sale, storage, or withdrawal
 112.28 from storage to the commissioner in the form and manner prescribed by the commissioner.

112.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 112.30 June 30, 2016.

112.31 Sec. 11. Minnesota Statutes 2014, section 296A.17, subdivision 1, is amended to read:

112.32 Subdivision 1. **Aviation refund requirements.** Any person claiming to be entitled
 112.33 to any refund or credit provided for in subdivision 3 shall receive the refund or credit

113.1 upon filing with the commissioner a claim in such form and manner prescribed by the
 113.2 commissioner. The claim shall set forth, among other things, the total number of gallons
 113.3 of gasoline used as a substitute for aviation gasoline, aviation gasoline, or special fuel
 113.4 for aircraft use upon which the claimant has directly or indirectly paid the excise tax
 113.5 provided for in this chapter, during the calendar year, which has been received, stored, or
 113.6 withdrawn from storage by the claimant in this state and not sold or otherwise disposed of
 113.7 to others. All claims for refunds under this subdivision shall be made on or before April
 113.8 30 following the end of the calendar year for which the refund is claimed.

113.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 113.10 June 30, 2016.

113.11 Sec. 12. Minnesota Statutes 2014, section 296A.17, subdivision 2, is amended to read:

113.12 Subd. 2. **Claim for refund; aviation tax.** (a) Any person who buys gasoline used
 113.13 as a substitute for aviation gasoline, aviation gasoline, or special fuel for aircraft use and
 113.14 who has paid the excise taxes directly or indirectly through the amount of the tax being
 113.15 included in the price, or otherwise, who does not use it in motor vehicles or receive, sell,
 113.16 store, or withdraw it from storage for the purpose of producing or generating power for
 113.17 propelling aircraft, shall be reimbursed and repaid the amount of the tax paid upon filing
 113.18 with the commissioner a claim in the form and manner prescribed by the commissioner.
 113.19 The claim shall state the total amount of the gasoline used as a substitute for aviation
 113.20 gasoline, aviation gasoline, or special fuel for aircraft use purchased and used by the
 113.21 applicant, and shall state when and for what purpose it was used. On being satisfied that
 113.22 the claimant is entitled to payment, the commissioner shall approve the claim and transmit
 113.23 it to the commissioner of management and budget. The postmark on the envelope in
 113.24 which a written claim is mailed determines the date of filing.

113.25 (b) If a claim contains an error in preparation in computation or preparation, the
 113.26 commissioner is authorized to adjust the claim in accordance with the evidence shown on
 113.27 the claim or other information available to the commissioner.

113.28 (c) An applicant who files a claim that is false or fraudulent, is subject to the
 113.29 penalties provided in section 296A.23 for knowingly and willfully making a false claim.

113.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 113.31 June 30, 2016.

113.32 Sec. 13. Minnesota Statutes 2014, section 296A.17, subdivision 3, is amended to read:

114.1 Subd. 3. **Refund on graduated basis.** Any person who has directly or indirectly
 114.2 paid the excise tax on gasoline used as a substitute for aviation gasoline, aviation gasoline,
 114.3 or special fuel for aircraft use provided for by this chapter and either paid the airflight
 114.4 property tax under section 270.072 or is an aerial applicator with a category B, general
 114.5 aerial license, under section 18B.33, shall, as to all such gasoline used as a substitute for
 114.6 aviation gasoline, aviation gasoline, and special fuel received, stored, or withdrawn from
 114.7 storage by the person in this state in any calendar year and not sold or otherwise disposed
 114.8 of to others, or intended for sale or other disposition to others, on which such tax has been
 114.9 so paid, be entitled to the following graduated reductions in such tax for that calendar
 114.10 year, to be obtained by means of the following refunds:

114.11 (1) on each gallon of such gasoline used as a substitute for aviation gasoline, aviation
 114.12 gasoline, or special fuel up to 50,000 gallons, all but five cents per gallon;

114.13 (2) on each gallon of such gasoline used as a substitute for aviation gasoline, aviation
 114.14 gasoline, or special fuel above 50,000 gallons and not more than 150,000 gallons, all
 114.15 but two cents per gallon;

114.16 (3) on each gallon of such gasoline used as a substitute for aviation gasoline, aviation
 114.17 gasoline, or special fuel above 150,000 gallons and not more than 200,000 gallons, all
 114.18 but one cent per gallon;

114.19 (4) on each gallon of such gasoline used as a substitute for aviation gasoline, aviation
 114.20 gasoline, or special fuel above 200,000, all but one-half cent per gallon.

114.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 114.22 June 30, 2016.

114.23 Sec. 14. Minnesota Statutes 2014, section 296A.18, subdivision 1, is amended to read:

114.24 Subdivision 1. **Intent; gasoline use.** All gasoline received in this state and all
 114.25 gasoline produced in or brought into this state except aviation gasoline, gasoline sold to a
 114.26 dealer of gasoline used as a substitute for aviation gasoline, and marine gasoline shall be
 114.27 determined to be intended for use in motor vehicles in this state.

114.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 114.29 June 30, 2016.

114.30 Sec. 15. Minnesota Statutes 2014, section 296A.18, subdivision 8, is amended to read:

114.31 Subd. 8. **Airports.** The revenues derived from the excise taxes on gasoline used as
 114.32 a substitute for aviation gasoline, aviation gasoline, and on special fuel received, sold,
 114.33 stored, or withdrawn from storage as substitutes for aviation gasoline, shall be paid into

115.1 the state treasury and credited to the state airports fund. There is hereby appropriated such
115.2 sums as are needed to carry out the provisions of this subdivision.

115.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
115.4 June 30, 2016.

115.5 Sec. 16. Minnesota Statutes 2014, section 296A.19, subdivision 1, is amended to read:

115.6 Subdivision 1. **Retention.** All distributors, dealers, special fuel dealers, bulk
115.7 purchasers, dealers of gasoline used as a substitute for aviation gasoline, and all users of
115.8 special fuel shall keep a true and accurate record of all purchases, transfers, sales, and use
115.9 of petroleum products and special fuel, including copies of all sales tickets issued, in a form
115.10 and manner approved by the commissioner, and shall retain all such records for 3-1/2 years.

115.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
115.12 June 30, 2016.

115.13 Sec. 17. Minnesota Statutes 2014, section 297E.02, subdivision 1, is amended to read:

115.14 Subdivision 1. **Imposition.** (a) A tax is imposed on all lawful gambling other than
115.15 (1) paper or electronic pull-tab deals or games; (2) tipboard deals or games; (3) electronic
115.16 linked bingo; and (4) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at
115.17 the rate of 8.5 percent on the gross receipts as defined in section 297E.01, subdivision 8,
115.18 less prizes actually paid.

115.19 (b) A tax is imposed on the conduct of paper pull-tabs, at the rate of nine percent of
115.20 the gross receipts, less prizes actually paid, of the pull-tab deal. The tax imposed under
115.21 this paragraph applies only to paper pull-tabs sold at a bingo hall as defined in section
115.22 349.12, subdivision 4a.

115.23 (c) The tax imposed by this subdivision is in lieu of the tax imposed by section
115.24 297A.62 and all local taxes and license fees except a fee authorized under section 349.16,
115.25 subdivision 8, or a tax authorized under subdivision 5.

115.26 (d) The tax imposed under this subdivision is payable by the organization or party
115.27 conducting, directly or indirectly, the gambling.

115.28 **EFFECTIVE DATE.** This section is effective for gross receipts received on or
115.29 after July 1, 2016.

115.30 Sec. 18. Minnesota Statutes 2015 Supplement, section 297E.02, subdivision 6, is
115.31 amended to read:

116.1 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under
 116.2 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used
 116.3 in this section, "combined net receipts" is the sum of the organization's gross receipts
 116.4 from lawful gambling less gross receipts directly derived from the conduct of paper
 116.5 bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, and less
 116.6 the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and
 116.7 paddlewheels, for the fiscal year. The combined net receipts of an organization are subject
 116.8 to a tax computed according to the following schedule:

116.9	If the combined net	The tax is:
116.10	receipts for the fiscal year	
116.11	are:	
116.12	Not over \$87,500	nine percent
116.13	Over \$87,500, but not over	\$7,875 plus 18 percent of the amount
116.14	\$122,500	over \$87,500, but not over \$122,500
116.15	Over \$122,500, but not	\$14,175 plus 27 percent of the amount
116.16	over \$157,500	over \$122,500, but not over \$157,500
116.17	Over \$157,500	\$23,625 plus 36 percent of the
116.18		amount over \$157,500

116.19 (b) On or before April 1, 2016, the commissioner shall estimate the total amount of
 116.20 revenue, including interest and penalties, that will be collected for fiscal year 2016 from
 116.21 taxes imposed under this chapter. If the amount estimated by the commissioner equals
 116.22 or exceeds \$94,800,000, the commissioner shall certify that effective July 1, 2016, the
 116.23 rates under this paragraph apply in lieu of the rates under paragraph (a) and shall publish a
 116.24 notice to that effect in the State Register and notify each taxpayer by June 1, 2016. If the
 116.25 rates under this section apply, the combined net receipts of an organization are subject to a
 116.26 tax computed according to the following schedule:

116.27	If the combined net	The tax is:
116.28	receipts for the fiscal year	
116.29	are:	
116.30	Not over \$87,500	8.5 percent
116.31	Over \$87,500, but not over	\$7,438 plus 17 percent of the amount
116.32	\$122,500	over \$87,500, but not over \$122,500
116.33	Over \$122,500, but not	\$13,388 plus 25.5 percent of the
116.34	over \$157,500	amount over \$122,500, but not over
116.35		\$157,500
116.36	Over \$157,500	\$22,313 plus 34 percent of the
116.37		amount over \$157,500

116.38 (c) Gross receipts derived from sports-themed tipboards are exempt from taxation
 116.39 under this section. For purposes of this paragraph, a sports-themed tipboard means a
 116.40 sports-themed tipboard as defined in section 349.12, subdivision 34, under which the
 116.41 winning numbers are determined by the numerical outcome of a professional sporting event.

117.1 (d) Paper pull-tabs sold at a bingo hall as defined in section 349.12, subdivision 4a,
117.2 are exempt from taxation under this subdivision.

117.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

117.4 Sec. 19. Minnesota Statutes 2014, section 297F.01, is amended by adding a subdivision
117.5 to read:

117.6 Subd. 6a. **Bulk nicotine.** "Bulk nicotine" means any vapor product that contains a
117.7 solution having a concentration of 50 milligrams of nicotine per milliliter or greater.

117.8 **EFFECTIVE DATE.** This section is effective January 1, 2017.

117.9 Sec. 20. Minnesota Statutes 2014, section 297F.01, is amended by adding a subdivision
117.10 to read:

117.11 Subd. 6b. **Consumable material.** "Consumable material" means any vapor product
117.12 that contains nicotine in a solution having a concentration of less than 50 milligrams
117.13 of nicotine per milliliter.

117.14 **EFFECTIVE DATE.** This section is effective January 1, 2017.

117.15 Sec. 21. Minnesota Statutes 2014, section 297F.01, subdivision 19, is amended to read:

117.16 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product
117.17 containing, made, or derived from tobacco that is intended for human consumption,
117.18 whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by
117.19 any other means, or any component, part, or accessory of a tobacco product, including,
117.20 but not limited to, cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut,
117.21 ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist
117.22 tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and
117.23 sweepings of tobacco, vapor products, and other kinds and forms of tobacco; but does
117.24 not include cigarettes as defined in this section. Tobacco products excludes any tobacco
117.25 product that has been approved by the United States Food and Drug Administration for
117.26 sale as a tobacco cessation product, as a tobacco dependence product, or for other medical
117.27 purposes, and is being marketed and sold solely for such an approved purpose.

117.28 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4,
117.29 tobacco products includes a premium cigar, as defined in subdivision 13a.

117.30 **EFFECTIVE DATE.** This section is effective January 1, 2017.

118.1 Sec. 22. Minnesota Statutes 2014, section 297F.01, is amended by adding a subdivision
118.2 to read:

118.3 Subd. 24. **Vapor products.** "Vapor products" means any noncombustible product
118.4 that employs a heating element, power source, electronic circuit, or other electronic,
118.5 chemical, or mechanical means, regardless of shape or size, that can be used to produce
118.6 vapor from nicotine in a solution or other form. Vapor products includes any electronic
118.7 cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device
118.8 and any vapor cartridge or other container of bulk nicotine or consumable material in
118.9 a solution or other form that is intended to be used with or in an electronic cigarette,
118.10 electronic cigar, electronic cigarillo, electronic pipe, or similar product or device.

118.11 **EFFECTIVE DATE.** This section is effective January 1, 2017.

118.12 Sec. 23. Minnesota Statutes 2014, section 297F.05, subdivision 1, is amended to read:

118.13 Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this
118.14 state, upon having cigarettes in possession in this state with intent to sell, upon any person
118.15 engaged in business as a distributor, and upon the use or storage by consumers, at the rate
118.16 of ~~14.5~~ 150 mills, or ~~14.15~~ 15 cents, on each cigarette.

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

118.18 Sec. 24. Minnesota Statutes 2014, section 297F.05, subdivision 3, is amended to read:

118.19 Subd. 3. **Rates; tobacco products.** (a) Except as provided in ~~subdivision~~
118.20 subdivisions 3a and 3b, a tax is imposed upon all tobacco products in this state and upon
118.21 any person engaged in business as a distributor, at the rate of 95 percent of the wholesale
118.22 sales price of the tobacco products. The tax is imposed at the time the distributor:

118.23 (1) brings, or causes to be brought, into this state from outside the state tobacco
118.24 products for sale;

118.25 (2) makes, manufactures, or fabricates tobacco products in this state for sale in
118.26 this state; or

118.27 (3) ships or transports tobacco products to retailers in this state, to be sold by those
118.28 retailers.

118.29 (b) Notwithstanding paragraph (a), a minimum tax equal to the rate imposed on a
118.30 pack of 20 cigarettes weighing not more than three pounds per thousand, as established
118.31 under subdivision 1, is imposed on each container of moist snuff.

118.32 For purposes of this subdivision, a "container" means the smallest consumer-size can,
118.33 package, or other container that is marketed or packaged by the manufacturer, distributor,

119.1 or retailer for separate sale to a retail purchaser. When more than one container is
 119.2 packaged together, each container is subject to tax.

119.3 **EFFECTIVE DATE.** This section is effective January 1, 2017.

119.4 Sec. 25. Minnesota Statutes 2014, section 297F.05, is amended by adding a subdivision
 119.5 to read:

119.6 **Subd. 3b. Rates; vapor products.** (a) A tax is imposed upon all vapor products in
 119.7 this state and upon any person engaged in business as a tobacco product distributor. The
 119.8 tax imposed under this subdivision is imposed at the time the tobacco products distributor:

119.9 (1) brings, or causes to be brought, into this state vapor products for sale;

119.10 (2) makes, manufactures, or fabricates vapor products in this state, not otherwise
 119.11 taxed under this subdivision, for sale in this state; or

119.12 (3) ships or transports vapor products to retailers in this state to be sold by those
 119.13 retailers.

119.14 (b) For vapor products that contain bulk nicotine, the rate of tax is 300 percent of the
 119.15 wholesale sales price of the vapor product.

119.16 (c) For vapor products that contain consumable material, the rate of tax is 45 percent
 119.17 of the wholesale sales price of the vapor product.

119.18 **EFFECTIVE DATE.** This section is effective January 1, 2017.

119.19 Sec. 26. Minnesota Statutes 2014, section 297F.05, is amended by adding a subdivision
 119.20 to read:

119.21 **Subd. 4b. Use tax; vapor products.** A tax is imposed upon the use or storage by
 119.22 consumers of all vapor products in this state, and upon such consumers, at the rate of 300
 119.23 percent of the wholesale sales price of a vapor product containing bulk nicotine, and 45
 119.24 percent of the wholesale sales price of a vapor product containing consumable material.

119.25 **EFFECTIVE DATE.** This section is effective January 1, 2017.

119.26 Sec. 27. Minnesota Statutes 2014, section 297H.04, subdivision 2, is amended to read:

119.27 **Subd. 2. Rate.** (a) Commercial generators that generate nonmixed municipal
 119.28 solid waste shall pay a solid waste management tax of 60 cents per noncompacted
 119.29 cubic yard of periodic waste collection capacity purchased by the generator, based on
 119.30 the size of the container for the nonmixed municipal solid waste, the actual volume,
 119.31 or the weight-to-volume conversion schedule in paragraph (c). However, the tax must
 119.32 be calculated by the waste management service provider using the same method for

120.1 calculating the waste management service fee so that both are calculated according to
 120.2 container capacity, actual volume, or weight.

120.3 (b) Notwithstanding section 297H.02, a residential generator that generates
 120.4 nonmixed municipal solid waste shall pay a solid waste management tax in the same
 120.5 manner as provided in paragraph (a).

120.6 (c) The weight-to-volume conversion schedule for:

120.7 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton~~
 120.8 ~~equals 3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner
 120.9 of revenue, after consultation with the commissioner of the Pollution Control Agency,
 120.10 shall determine and may publish by notice a conversion schedule for construction debris;

120.11 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to
 120.12 60 cents per cubic yard. The commissioner of revenue after consultation with the
 120.13 commissioner of the Pollution Control Agency, shall determine, and may publish by
 120.14 notice, a conversion schedule for various industrial wastes; and

120.15 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological
 120.16 waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or
 120.17 60 cents per 150 pounds.

120.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 120.19 June 30, 2016.

120.20 Sec. 28. Minnesota Statutes 2014, section 349.12, is amended by adding a subdivision
 120.21 to read:

120.22 Subd. 4a. **Bingo hall.** (a) "Bingo hall" means the premises on which an organization
 120.23 licensed under this chapter regularly conducts bingo if:

120.24 (1) more than 50 percent of the organization's gross receipts from lawful gambling
 120.25 in the prior calendar year were attributable to the conduct of bingo or the organization had
 120.26 no receipts from lawful gambling in that year; or

120.27 (2) no other organization conducts lawful gambling on the premises.

120.28 (b) For purposes of this subdivision, "bingo" does not include a linked bingo game
 120.29 as defined in this section.

120.30 **EFFECTIVE DATE.** This section is effective July 1, 2016.

120.31 Sec. 29. **REPEALER.**

120.32 (a) Minnesota Statutes 2014, section 297F.05, subdivision 1a, is repealed.

120.33 (b) Minnesota Rules, part 8125.1300, subpart 3, is repealed.

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

121.2 **ARTICLE 6**

121.3 **MINERALS**

121.4 Section 1. Minnesota Statutes 2014, section 298.24, is amended by adding a
121.5 subdivision to read:

121.6 Subd. 5. **TEDF; deposits redirected.** (a) For concentrates produced by a plant
121.7 subject to a reimbursement agreement dated September 9, 2008, by and among Itasca
121.8 County, Essar Global Limited, and Minnesota Steel Industries LLC, the provisions of
121.9 sections 298.227 and 298.28, subdivision 9a, do not apply to the plant's production.

121.10 (b) All amounts not deposited in the taconite economic development fund as a
121.11 result of paragraph (a) must be deposited in the Douglas J. Johnson economic protection
121.12 trust fund created under section 298.292.

121.13 (c) The provisions of this subdivision expire upon certification by the commissioner
121.14 of employment and economic development that all requirements of the reimbursement
121.15 agreement, as specified in paragraph (a), are satisfied.

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

121.17 Sec. 2. Minnesota Statutes 2014, section 298.28, subdivision 3, is amended to read:

121.18 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed
121.19 under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid
121.20 account to be distributed as provided in section 298.282.

121.21 (b) An amount must be allocated to towns or cities that is annually certified by
121.22 the county auditor of a county containing a taconite tax relief area as defined in section
121.23 273.134, paragraph (b), within which there is (1) an organized township if, as of January
121.24 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron
121.25 ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation
121.26 of the city consists of iron ore.

121.27 (c) The amount allocated under paragraph (b) will be the portion of a township's or
121.28 city's certified levy equal to the proportion of (1) the difference between 50 percent of
121.29 January 2, 1982, assessed value in the case of a township and 50 percent of the January 2,
121.30 1980, assessed value in the case of a city and its current assessed value to (2) the sum of
121.31 its current assessed value plus the difference determined in (1), provided that the amount
121.32 distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in
121.33 the case of a city. For purposes of this limitation, population will be determined according
121.34 to the 1980 decennial census conducted by the United States Bureau of the Census. If the

122.1 current assessed value of the township exceeds 50 percent of the township's January 2,
 122.2 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the
 122.3 city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this
 122.4 paragraph, "assessed value," when used in reference to years other than 1980 or 1982,
 122.5 means the appropriate net tax capacities multiplied by 10.2.

122.6 (d) In addition to other distributions under this subdivision, ~~three~~ 3.25 cents per
 122.7 taxable ton for distributions in ~~2009~~ 2017 and subsequent years must be allocated for
 122.8 distribution to (1) towns that are entirely located within the taconite tax relief area defined
 122.9 in section 273.134, paragraph (b); and (2) the following unorganized territories in St.
 122.10 Louis County and Itasca County: 56-17; 58-22; 59-16; 59-21; 60-18; and 60-19. For
 122.11 ~~distribution in 2010 through 2014 and for distribution~~ distributions in 2018 and subsequent
 122.12 years, the ~~three-cent~~ 3.25-cent amount must be annually increased in the same proportion
 122.13 as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.
 122.14 The amount available under this paragraph ~~will~~ must be distributed to eligible towns and
 122.15 eligible unorganized territories on a per capita basis, provided that no town or unorganized
 122.16 territory may receive more than \$50,000 in any year under this paragraph. Any amount of
 122.17 the distribution that exceeds the \$50,000 limitation for a town or unorganized territory
 122.18 under this paragraph must be redistributed on a per capita basis among the other eligible
 122.19 towns and eligible unorganized territories, to whose distributions do not exceed \$50,000.
 122.20 The amount available to unorganized territories in St. Louis County and Itasca County
 122.21 may be held by the county and combined for public infrastructure projects for the specified
 122.22 unorganized territories.

122.23 **EFFECTIVE DATE.** This section is effective for distributions beginning in 2017
 122.24 and thereafter.

122.25 Sec. 3. Minnesota Statutes 2014, section 298.28, subdivision 5, is amended to read:

122.26 Subd. 5. **Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through
 122.27 2023, and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated
 122.28 to counties to be distributed, based upon certification by the commissioner of revenue,
 122.29 under paragraphs (b) to (d).

122.30 (b) 10.525 cents per taxable ton shall be distributed to the county in which the
 122.31 taconite is mined or quarried or in which the concentrate is produced, less any amount
 122.32 which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed
 122.33 in subdivision 2 is the basis for the distribution.

122.34 (c) If 1.0 cent per taxable ton of the tax distributed to the counties pursuant to
 122.35 paragraph (b) shall be paid to a county that received a distribution under this section

123.1 in 2000 because there was located in the county an electric power plant owned by and
 123.2 providing the primary source of power for a taxpayer mining and concentrating taconite
 123.3 ~~is located in a different county other than the county in which the mining and the~~
 123.4 ~~concentrating processes are conducted, one cent per taxable ton of the tax distributed to~~
 123.5 ~~the counties pursuant to paragraph (b) and imposed on and collected from such taxpayer~~
 123.6 ~~shall be paid to the county in which the power plant is located.~~

123.7 (d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525
 123.8 cents per taxable ton for distributions beginning in 2024, shall be paid to the county from
 123.9 which the taconite was mined, quarried or concentrated to be deposited in the county road
 123.10 and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of
 123.11 those processes are carried on in more than one county, the commissioner shall follow the
 123.12 apportionment formula prescribed in subdivision 2.

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

123.14 Sec. 4. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

123.15 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**
 123.16 **account.** The following amounts must be allocated to the Iron Range Resources and
 123.17 Rehabilitation Board to be deposited in the Iron Range school consolidation and
 123.18 cooperatively operated school account that is hereby created:

123.19 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax
 123.20 imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per
 123.21 taxable ton of the tax imposed under section 298.24;

123.22 (2) the amount as determined under section 298.17, paragraph (b), clause (3);

123.23 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
 123.24 proceeds attributable to the increase in the implicit price deflator as provided in section
 123.25 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
 123.26 Johnson economic protection trust fund;

123.27 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the
 123.28 increased tax proceeds attributable to the increase in the implicit price deflator as provided
 123.29 in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining
 123.30 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

123.31 (iii) for distributions in 2017 and thereafter, an amount equal to two-thirds of the
 123.32 sum of the increased tax proceeds attributable to the increase in the implicit price deflator
 123.33 as provided in section 298.24, subdivision 1, for distribution years 2015, 2016, and
 123.34 2017, with the remaining one-third to be distributed to the Douglas J. Johnson economic
 123.35 protection trust fund; and

124.1 (4) any other amount as provided by law.

124.2 Expenditures from this account shall be made only to provide disbursements to
 124.3 assist school districts with the payment of bonds that were issued for qualified school
 124.4 projects, or for any other school disbursement as approved by the Iron Range Resources
 124.5 and Rehabilitation Board. For purposes of this section, "qualified school projects" means
 124.6 school projects within the taconite assistance area as defined in section 273.1341, that were
 124.7 (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner
 124.8 of education pursuant to section 123B.71.

124.9 Beginning in fiscal year 2019, the disbursement to school districts for payments for
 124.10 bonds issued under section 123A.482, subdivision 9, must be increased each year to
 124.11 offset any reduction in debt service equalization aid that the school district qualifies for in
 124.12 that year, under section 123B.53, subdivision 6, compared with the amount the school
 124.13 district qualified for in fiscal year 2018.

124.14 No expenditure under this section shall be made unless approved by seven members
 124.15 of the Iron Range Resources and Rehabilitation Board.

124.16 **EFFECTIVE DATE.** This section is effective for distributions beginning in 2017
 124.17 and thereafter.

124.18 ARTICLE 7

124.19 LOCAL DEVELOPMENT

124.20 Section 1. Minnesota Statutes 2014, section 469.1763, subdivision 1, is amended to read:

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

124.23 (b) "Activities" means acquisition of property, clearing of land, site preparation, soils
 124.24 correction, removal of hazardous waste or pollution, installation of utilities, construction
 124.25 of public or private improvements, and other similar activities, but only to the extent that
 124.26 tax increment revenues may be spent for such purposes under other law.

124.27 (c) "Third party" means an entity other than (1) the person receiving the benefit
 124.28 of assistance financed with tax increments, or (2) the municipality or the development
 124.29 authority or other person substantially under the control of the municipality.

124.30 (d) "Revenues derived from tax increments paid by properties in the district" means
 124.31 only tax increment as defined in section 469.174, subdivision 25, clause (1), and does
 124.32 not include tax increment as defined in section 469.174, subdivision 25, clauses (2);
 124.33 ~~(3), and (4)~~ to (5).

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

125.1 Sec. 2. Minnesota Statutes 2014, section 469.1763, subdivision 2, is amended to read:

125.2 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing
125.3 district, an amount equal to at least 75 percent of the total revenue derived from tax
125.4 increments paid by properties in the district must be expended on activities in the district
125.5 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities
125.6 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.
125.7 For districts, other than redevelopment districts for which the request for certification
125.8 was made after June 30, 1995, the in-district percentage for purposes of the preceding
125.9 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax
125.10 increments paid by properties in the district may be expended, through a development fund
125.11 or otherwise, on activities outside of the district but within the defined geographic area of
125.12 the project except to pay, or secure payment of, debt service on credit enhanced bonds.
125.13 For districts, other than redevelopment districts for which the request for certification was
125.14 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is
125.15 20 percent. ~~The revenue~~ revenues derived from tax increments ~~for~~ paid by properties in
125.16 the district that are expended on costs under section 469.176, subdivision 4h, paragraph
125.17 (b), may be deducted first before calculating the percentages that must be expended within
125.18 and without the district.

125.19 (b) In the case of a housing district, a housing project, as defined in section 469.174,
125.20 subdivision 11, is an activity in the district.

125.21 (c) All administrative expenses are for activities outside of the district, except that
125.22 if the only expenses for activities outside of the district under this subdivision are for
125.23 the purposes described in paragraph (d), administrative expenses will be considered as
125.24 expenditures for activities in the district.

125.25 (d) The authority may elect, in the tax increment financing plan for the district,
125.26 to increase by up to ten percentage points the permitted amount of expenditures for
125.27 activities located outside the geographic area of the district under paragraph (a). As
125.28 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted
125.29 expenditures under paragraph (a), need not be made within the geographic area of the
125.30 project. Expenditures that meet the requirements of this paragraph are legally permitted
125.31 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j.
125.32 To qualify for the increase under this paragraph, the expenditures must:

125.33 (1) be used exclusively to assist housing that meets the requirement for a qualified
125.34 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

126.1 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of
126.2 the Internal Revenue Code, less the amount of any credit allowed under section 42 of
126.3 the Internal Revenue Code; and

126.4 (3) be used to:

126.5 (i) acquire and prepare the site of the housing;

126.6 (ii) acquire, construct, or rehabilitate the housing; or

126.7 (iii) make public improvements directly related to the housing; or

126.8 (4) be used to develop housing:

126.9 (i) if the market value of the housing does not exceed the lesser of:

126.10 (A) 150 percent of the average market value of single-family homes in that
126.11 municipality; or

126.12 (B) \$200,000 for municipalities located in the metropolitan area, as defined in
126.13 section 473.121, or \$125,000 for all other municipalities; and

126.14 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,
126.15 demolition of existing structures, site preparation, and pollution abatement on one or
126.16 more parcels, if the parcel contains a residence containing one to four family dwelling
126.17 units that has been vacant for six or more months and is in foreclosure as defined in
126.18 section 325N.10, subdivision 7, but without regard to whether the residence is the owner's
126.19 principal residence, and only after the redemption period has expired.

126.20 (e) For a district created within a biotechnology and health sciences industry zone
126.21 as defined in Minnesota Statutes 2012, section 469.330, subdivision 6, or for an existing
126.22 district located within such a zone, tax increment derived from such a district may be
126.23 expended outside of the district but within the zone only for expenditures required for the
126.24 construction of public infrastructure necessary to support the activities of the zone, land
126.25 acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j.
126.26 These expenditures are considered as expenditures for activities within the district. The
126.27 authority provided by this paragraph expires for expenditures made after the later of (1)
126.28 December 31, 2015, or (2) the end of the five-year period beginning on the date the district
126.29 was certified, provided that date was before January 1, 2016.

126.30 (f) The authority under paragraph (d), clause (4), expires on December 31, 2016.
126.31 Increments may continue to be expended under this authority after that date, if they are
126.32 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph
126.33 (a), if December 31, 2016, is considered to be the last date of the five-year period after
126.34 certification under that provision.

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

127.1 Sec. 3. Minnesota Statutes 2014, section 469.1763, subdivision 3, is amended to read:

127.2 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by
 127.3 properties in the district are considered to have been expended on an activity within the
 127.4 district under subdivision 2 only if one of the following occurs:

127.5 (1) before or within five years after certification of the district, the revenues are
 127.6 actually paid to a third party with respect to the activity;

127.7 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
 127.8 sold to a third party before or within five years after certification, the revenues are spent
 127.9 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
 127.10 reasonably expected to be spent before the end of the later of (i) the five-year period, or
 127.11 (ii) a reasonable temporary period within the meaning of the use of that term under section
 127.12 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
 127.13 or replacement fund;

127.14 (3) binding contracts with a third party are entered into for performance of the
 127.15 activity before or within five years after certification of the district and the revenues are
 127.16 spent under the contractual obligation;

127.17 (4) costs with respect to the activity are paid before or within five years after
 127.18 certification of the district and the revenues are spent to reimburse a party for payment
 127.19 of the costs, including interest on unreimbursed costs; or

127.20 (5) expenditures are made for housing purposes as permitted by subdivision 2,
 127.21 paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted
 127.22 by subdivision 2, paragraph (e).

127.23 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if
 127.24 the original refunded bonds meet the requirements of paragraph (a), clause (2).

127.25 (c) For a redevelopment district or a renewal and renovation district certified after
 127.26 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a)
 127.27 are extended to ten years after certification of the district. For a redevelopment district
 127.28 certified after April 20, 2009, and before June 30, 2012, the five-year periods described in
 127.29 paragraph (a) are extended to eight years after certification of the district. This extension is
 127.30 provided primarily to accommodate delays in development activities due to unanticipated
 127.31 economic circumstances.

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

127.33 Sec. 4. Minnesota Statutes 2014, section 469.178, subdivision 7, is amended to read:

128.1 Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan
 128.2 money to finance expenditures under section 469.176, subdivision 4, from its general fund
 128.3 or any other fund under which it has legal authority to do so.

128.4 (b) Not later than 60 days after money is transferred, advanced, or spent, whichever
 128.5 is earliest, the loan or advance must be authorized, by resolution of the governing body or
 128.6 of the authority, whichever has jurisdiction over the fund from which the advance or loan
 128.7 is authorized, before money is transferred, advanced, or spent, whichever is earliest.

128.8 (c) The resolution may generally grant to the municipality or the authority the power
 128.9 to make interfund loans under one or more tax increment financing plans or for one or
 128.10 more districts. The resolution may be adopted before or after the adoption of the tax
 128.11 increment financing plan or the creation of the tax increment financing district from which
 128.12 the advance or loan is to be repaid.

128.13 (d) The terms and conditions for repayment of the loan must be provided in
 128.14 writing and. The written terms and conditions may be in any form, but must include, at
 128.15 a minimum, the principal amount, the interest rate, and maximum term. Written terms
 128.16 may be modified or amended in writing by the municipality or the authority before the
 128.17 latest decertification of any tax increment financing district from which the interfund loan
 128.18 is to be repaid. The maximum rate of interest permitted to be charged is limited to the
 128.19 greater of the rates specified under section 270C.40 or 549.09 as of the date the loan or
 128.20 advance is authorized, unless the written agreement states that the maximum interest rate
 128.21 will fluctuate as the interest rates specified under section 270C.40 or 549.09 are from time
 128.22 to time adjusted. Loans or advances may be structured as draw-down or line-of-credit
 128.23 obligations of the lending fund.

128.24 (e) The authority shall report in the annual report submitted pursuant to section
 128.25 469.175, subdivision 6:

128.26 (1) the amount of any interfund loan or advance made in a calendar year; and

128.27 (2) any amendment of an interfund loan or advance made in a calendar year.

128.28 **EFFECTIVE DATE.** This section is effective the day following final enactment
 128.29 and applies to all districts, regardless of when the request for certification was made.

128.30 Sec. 5. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

128.31 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
 128.32 financing plan for a district, the rules under this section apply to a redevelopment district,
 128.33 renewal and renovation district, economic development district, soil condition district,
 128.34 or a soil deficiency district established by the city or a development authority of the city
 128.35 in the project area.

129.1 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
129.2 rules under this subdivision, the city must find by resolution that parcels consisting of at
129.3 least 80 percent of the acreage of the project area (excluding street and railroad right of
129.4 way) are characterized by one or more of the following conditions:

129.5 (1) peat or other soils with geotechnical deficiencies that impair development of
129.6 residential or commercial buildings or infrastructure;

129.7 (2) soils or terrain that requires substantial filling in order to permit the development
129.8 of commercial or residential buildings or infrastructure;

129.9 (3) landfills, dumps, or similar deposits of municipal or private waste;

129.10 (4) quarries or similar resource extraction sites;

129.11 (5) floodway; and

129.12 (6) substandard buildings within the meaning of Minnesota Statutes, section
129.13 469.174, subdivision 10.

129.14 (c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to
129.15 be characterized by the relevant condition if at least 70 percent of the area of the parcel
129.16 contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is
129.17 deemed to be characterized by substandard buildings if the buildings occupy at least 30
129.18 percent of the area of the parcel.

129.19 (d) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6,
129.20 is extended to nine years for any district. The five-year rule under Minnesota Statutes,
129.21 section 469.1763, subdivision 3, is extended to ten years for any district, and section
129.22 469.1763, subdivision 4, does not apply to any district.

129.23 (e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2,
129.24 paragraph (a), not more than 80 percent of the total revenue derived from tax increments
129.25 paid by properties in any district (measured over the life of the district) may be expended
129.26 on activities outside the district but within the project area.

129.27 (f) For a soil deficiency district:

129.28 (1) increments may be collected through 20 years after the receipt by the authority of
129.29 the first increment from the district; and

129.30 (2) except as otherwise provided in this subdivision, increments may be used only to:

129.31 (i) acquire parcels on which the improvements described in item (ii) will occur;

129.32 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the
129.33 additional cost of installing public improvements directly caused by the deficiencies; and

129.34 (iii) pay for the administrative expenses of the authority allocable to the district.

130.1 (g) Increments spent for any infrastructure costs, whether inside a district or outside
 130.2 a district but within the project area, are deemed to satisfy the requirements of paragraph
 130.3 (f) and Minnesota Statutes, section 469.176, subdivisions 4b, 4c, and 4j.

130.4 (h) Increments from any district may not be used to pay the costs of landfill closure or
 130.5 public infrastructure located on the following parcels within the plat known as Burnsville
 130.6 Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

130.7 (i) The authority to approve tax increment financing plans to establish tax increment
 130.8 financing districts under this section expires on December 31, ~~2018~~ 2020.

130.9 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
 130.10 of the city of Burnsville and compliance with the requirements of Minnesota Statutes,
 130.11 section 645.021.

130.12 Sec. 6. Laws 2009, chapter 88, article 5, section 17, as amended by Laws 2010, chapter
 130.13 382, section 84, is amended to read:

130.14 Sec. 17. **SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT**
 130.15 **FINANCING DISTRICT; SPECIAL RULES.**

130.16 (a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and
 130.17 the governing body of the city of Duluth approves the plan for the tax increment financing
 130.18 district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020;
 130.19 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090;
 130.20 010-2730-00100; 010-02730-00120; 010-02730-00130; 010-02730-00140;
 130.21 010-2730-00160; 010-2730-00180; 010-2730-00200; 010-2730-00300; 010-02730-00320;
 130.22 010-2746-01250; 010-2746-1330; 010-2746-01340; 010-2746-01350; 010-2746-1440;
 130.23 010-2746-1380; 010-2746-01490; 010-2746-01500; 010-2746-01510; 010-2746-01520;
 130.24 010-2746-01530; 010-2746-01540; 010-2746-01550; 010-2746-01560; 010-2746-01570;
 130.25 010-2746-01580; 010-2746-01590; 010-3300-4560; 010-3300-4565; 010-3300-04570;
 130.26 010-3300-04580; 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year
 130.27 rule under Minnesota Statutes, section 469.1763, subdivision 3, that activities must be
 130.28 undertaken within a five-year period from the date of certification of the tax increment
 130.29 financing district, must be considered to be met if the activities are undertaken within five
 130.30 years after the date all qualifying parcels are delisted from the Federal Superfund list.

130.31 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4,
 130.32 beginning in the sixth year following certification of the district requirement, will begin
 130.33 in the sixth year following the date all qualifying parcels are delisted from the Federal
 130.34 Superfund list.

131.1 (c) The action required under Minnesota Statutes, section 469.176, subdivision 6,
 131.2 are satisfied if the action is commenced within four years after the date all qualifying
 131.3 parcels are delisted from the Federal Superfund list and evidence of the action required is
 131.4 submitted to the county auditor by February 1 of the fifth year following the year in which
 131.5 all qualifying parcels are delisted from the Federal Superfund list.

131.6 (d) For purposes of this section, "qualifying parcels" means United States Steel
 131.7 parcels listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part
 131.8 of the USS Site (USEPA OU 02) that are included in the tax increment financing district.

131.9 (e) In addition to the reporting requirements of Minnesota Statutes, section 469.175,
 131.10 subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels
 131.11 listed in paragraph (a) and shown as part of the USS Site (USEPA OU 02). The status report
 131.12 must show the parcel numbers, the listed or delisted status, and if delisted, the delisting date.

131.13 (f) Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, or any other
 131.14 law to the contrary, the Seaway Port Authority of Duluth may establish an interfund loan
 131.15 program before approval of the tax increment financing plan for or the establishment of
 131.16 the district authorized by this section. The authority may make loans under this program
 131.17 and the proceeds of the loans may be used for any permitted use of increments under
 131.18 this law or Minnesota Statutes, section 469.176, for the district, and may be repaid with
 131.19 increments from the district established under this section. This subdivision applies to any
 131.20 action authorized by the Seaway Port Authority of Duluth on or after March 25, 2010.

131.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 131.22 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
 131.23 645.021, subdivision 3.

131.24 Sec. 7. Laws 2014, chapter 308, article 6, section 9, is amended to read:

131.25 Sec. 9. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING**
 131.26 **DISTRICT.**

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

131.29 (b) "City" means the city of Maple Grove.

131.30 (c) "Project area" means all or a portion of the area in the city commencing at a point
 131.31 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of
 131.32 Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly
 131.33 right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line
 131.34 of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of
 131.35 section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the

132.1 east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South
132.2 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees
132.3 West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line
132.4 of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of
132.5 the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795
132.6 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of
132.7 Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the
132.8 Northwest Quarter of Section 24; thence West along said south line to the east right-of-way
132.9 line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to
132.10 the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence
132.11 East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan
132.12 Industrial Park 5th Addition; thence South along the east line of said Outlot A and its
132.13 southerly extension to the south right-of-way line of County State-Aid Highway (CSAH)
132.14 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the
132.15 Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east
132.16 line to the north line of the South Half of the Northeast Quarter of Section 24; thence East
132.17 along said north line to the westerly right-of-way line of Jefferson Highway North; thence
132.18 southerly along the westerly right-of-way line of Jefferson Highway to the centerline of
132.19 CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane
132.20 North to the westerly extension of the north line of Outlot A, Park North Fourth Addition;
132.21 thence easterly along the north line of Outlot A, Park North Fourth Addition to the
132.22 northeast corner of said Outlot A; thence southerly along the east line of said Outlot A
132.23 to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1,
132.24 Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway
132.25 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly
132.26 right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate
132.27 694 to its intersection with the southerly extension of the easterly right-of-way line of
132.28 Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary
132.29 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence
132.30 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning
132.31 and there terminating, provided that the project area includes the rights-of-way for all
132.32 present and future highway interchanges abutting the area described in this paragraph, and
132.33 may include any additional property necessary to cause the property included in the tax
132.34 increment financing district to consist of complete parcels.

133.1 (d) "Soil deficiency district" means a type of tax increment financing district
133.2 consisting of a portion of the project area in which the city finds by resolution that the
133.3 following conditions exist:

133.4 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
133.5 the district require substantial filling, grading, or other physical preparation for use; and

133.6 (2) the estimated cost of the physical preparation under clause (1), but excluding
133.7 costs directly related to roads as defined in Minnesota Statutes, section 160.01, and
133.8 local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1,
133.9 clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land
133.10 before completion of the preparation.

133.11 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
133.12 financing plan for a district, the rules under this section apply to a redevelopment
133.13 district, renewal and renovation district, soil condition district, or soil deficiency district
133.14 established by the city or a development authority of the city in the project area.

133.15 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
133.16 rules under this subdivision, the city must find by resolution that parcels consisting
133.17 of at least 80 percent of the acreage of the project area, excluding street and railroad
133.18 rights-of-way, are characterized by one or more of the following conditions:

133.19 (1) peat or other soils with geotechnical deficiencies that impair development of
133.20 commercial buildings or infrastructure;

133.21 (2) soils or terrain that require substantial filling in order to permit the development
133.22 of commercial buildings or infrastructure;

133.23 (3) landfills, dumps, or similar deposits of municipal or private waste;

133.24 (4) quarries or similar resource extraction sites;

133.25 (5) floodway; and

133.26 (6) substandard buildings, within the meaning of Minnesota Statutes, section
133.27 469.174, subdivision 10.

133.28 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by
133.29 the relevant condition if at least 70 percent of the area of the parcel contains the relevant
133.30 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
133.31 substandard buildings if substandard buildings occupy at least 30 percent of the area
133.32 of the parcel.

133.33 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3,
133.34 is extended to eight years for any district, and Minnesota Statutes, section 469.1763,
133.35 subdivision 4, does not apply to any district.

134.1 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section
 134.2 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue
 134.3 derived from tax increments paid by properties in any district, measured over the life of
 134.4 the district, may be expended on activities outside the district but within the project area.

134.5 (f) For a soil deficiency district:

134.6 (1) increments may be collected through 20 years after the receipt by the authority of
 134.7 the first increment from the district;

134.8 (2) increments may be used only to:

134.9 (i) acquire parcels on which the improvements described in item (ii) will occur;

134.10 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the
 134.11 additional cost of installing public improvements directly caused by the deficiencies; and

134.12 (iii) pay for the administrative expenses of the authority allocable to the district; and

134.13 (3) any parcel acquired with increments from the district must be sold at no less
 134.14 than their fair market value.

134.15 (g) Increments spent for any infrastructure costs, whether inside a district or outside
 134.16 a district but within the project area, are deemed to satisfy the requirements of Minnesota
 134.17 Statutes, section 469.176, subdivision 4j.

134.18 (h) The authority to approve tax increment financing plans to establish tax increment
 134.19 financing districts under this section expires June 30, 2020.

134.20 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use
 134.21 increments from a soil deficiency district to acquire parcels and for other infrastructure
 134.22 costs either inside or outside of the district, but within the project area, if the acquisition or
 134.23 infrastructure is for a qualified development. For purposes of this paragraph, a development
 134.24 is a qualified development only if all of the following requirements are satisfied:

134.25 (1) the city finds, by resolution, that the land acquisition and infrastructure are
 134.26 undertaken primarily to serve the development;

134.27 (2) the city has a binding, written commitment and adequate financial assurances
 134.28 from the developer that the development will be constructed; and

134.29 (3) the development does not consist of retail trade or housing improvements.

134.30 **EFFECTIVE DATE.** This section is effective upon approval by the governing
 134.31 body of the city of Maple Grove and its compliance with the requirements of Minnesota
 134.32 Statutes, section 645.021.

134.33 **Sec. 8. CITY OF ANOKA; TIF DISTRICT.**

134.34 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c),
 134.35 the city of Anoka's Greens of Anoka redevelopment tax increment financing district is

135.1 deemed to be certified on June 29, 2012, rather than its actual certification date of July 2,
135.2 2012, and the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4,
135.3 apply as if the district were certified on that date.

135.4 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
135.5 of the city of Anoka and upon compliance by the city with Minnesota Statutes, section
135.6 645.021, subdivisions 2 and 3.

135.7 **Sec. 9. CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

135.8 Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision
135.9 3, the chief clerical officer of the city of Edina may file the city's certificate of its approval
135.10 of Laws 2014, chapter 308, article 6, section 8, by June 30, 2016, and, if the certificate
135.11 is so filed and the requirements of Minnesota Statutes, section 645.021, subdivision 3,
135.12 are otherwise complied with, the special law is deemed approved, and all actions taken
135.13 by the city prior to the effective date of this section in reliance on Laws 2014, chapter
135.14 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article
135.15 6, section 8, and this act.

135.16 **EFFECTIVE DATE.** This section is effective June 30, 2016, without local approval
135.17 as an amendment to the provisions of Laws 2014, chapter 308, article 6, section 8.

135.18 **Sec. 10. CITY OF COON RAPIDS; TAX INCREMENT FINANCING.**

135.19 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision
135.20 1b, or any other law to the contrary, the city of Coon Rapids may collect tax increment
135.21 from District 6-1 Port Riverwalk through December 31, 2038.

135.22 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
135.23 bodies of the city of Coon Rapids, Anoka County, and Independent School District No.
135.24 11 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and
135.25 645.021, subdivision 3.

135.26 **Sec. 11. CITY OF COTTAGE GROVE; TAX INCREMENT FINANCING.**

135.27 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that
135.28 activities must be undertaken within a five-year period from the date of certification of
135.29 a tax increment financing district, is considered to be met for Tax Increment Financing
135.30 District No. 1-12 (Gateway North), administered by the Cottage Grove Economic
135.31 Development Authority, if the activities are undertaken prior to January 1, 2017.

136.1 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical
 136.2 officer of the governing body of the city of Cottage Grove with the requirements of
 136.3 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

136.4 Sec. 12. **CITY OF NORTHFIELD; TAX INCREMENT FINANCING.**

136.5 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that
 136.6 activities must be undertaken within a five-year period from the date of certification of a
 136.7 tax increment financing district, is considered to be met for the Riverfront Tax Increment
 136.8 Financing District in the city of Northfield, if the activities are undertaken prior to July
 136.9 12, 2017.

136.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 136.11 the city of Northfield and its chief clerical officer comply with Minnesota Statutes, section
 136.12 645.021, subdivisions 2 and 3.

136.13 Sec. 13. **CITY OF RICHFIELD; EXTENSION OF DISTRICT.**

136.14 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other
 136.15 law to the contrary, the city of Richfield and the Housing and Redevelopment Authority in
 136.16 and for the city of Richfield may elect to extend the duration limit of the redevelopment
 136.17 tax increment financing district known as the Cedar Avenue Tax Increment Financing
 136.18 District established by Laws 2005, chapter 152, article 2, section 25, by ten years.

136.19 **EFFECTIVE DATE.** This section is effective upon compliance by the city
 136.20 of Richfield, Hennepin County, and Independent School District No. 280 with the
 136.21 requirements of Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021,
 136.22 subdivisions 2 and 3.

136.23 Sec. 14. **CITY OF ST. PAUL; TIF AUTHORITY.**

136.24 (a) For purposes of computing the duration limits under Minnesota Statutes, section
 136.25 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul
 136.26 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing
 136.27 District. This authority is limited to the first four years of increment or increments derived
 136.28 from taxes payable in 2023, whichever occurs first.

136.29 (b) If the city elects to waive receipt of increment under paragraph (a), for purposes
 136.30 of applying any limits based on when the district was certified under Minnesota Statutes,
 136.31 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is

137.1 deemed to be January 2 of the property tax assessment year for which increment is first
 137.2 received under the waiver.

137.3 **EFFECTIVE DATE.** This section is effective July 1, 2016, without local approval
 137.4 under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

137.5 **ARTICLE 8**

137.6 **PUBLIC FINANCE**

137.7 Section 1. Minnesota Statutes 2014, section 366.095, subdivision 1, is amended to read:

137.8 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates
 137.9 of indebtedness within the debt limits for a town purpose otherwise authorized by law.
 137.10 The certificates shall be payable in not more than ten years and be issued on the terms and
 137.11 in the manner as the board may determine, provided that notes issued for projects that
 137.12 eliminate R-22, as such projects are defined in section 240A.09, paragraph (b), clause (2),
 137.13 shall be payable in not more than 20 years. If the amount of the certificates to be issued
 137.14 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued
 137.15 for at least ten days after publication in a newspaper of general circulation in the town of
 137.16 the board's resolution determining to issue them. If within that time, a petition asking for
 137.17 an election on the proposition signed by voters equal to ten percent of the number of voters
 137.18 at the last regular town election is filed with the clerk, the certificates shall not be issued
 137.19 until their issuance has been approved by a majority of the votes cast on the question at
 137.20 a regular or special election. A tax levy shall be made to pay the principal and interest
 137.21 on the certificates as in the case of bonds.

137.22 Sec. 2. Minnesota Statutes 2014, section 383B.117, subdivision 2, is amended to read:

137.23 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and
 137.24 without public referendum, issue capital notes within existing debt limits for the purpose
 137.25 of purchasing ambulance and other medical equipment, road construction or maintenance
 137.26 equipment, public safety equipment and other capital equipment having an expected
 137.27 useful life at least equal to the term of the notes issued. The notes shall be payable
 137.28 in not more than ten years and shall be issued on terms and in a manner as the board
 137.29 determines, provided that notes issued for projects that eliminate R-22, as such projects
 137.30 are defined in section 240A.09, paragraph (b), clause (2), shall be payable in not more
 137.31 than 20 years. The total principal amount of the notes issued for any fiscal year shall not
 137.32 exceed one percent of the total annual budget for that year and shall be issued solely for
 137.33 the purchases authorized in this subdivision. A tax levy shall be made for the payment
 137.34 of the principal and interest on such notes as in the case of bonds. For purposes of this

138.1 subdivision, "equipment" includes computer hardware and software, whether bundled with
 138.2 machinery or equipment or unbundled. For purposes of this subdivision, the term "medical
 138.3 equipment" includes computer hardware and software and other intellectual property for
 138.4 use in medical diagnosis, medical procedures, research, record keeping, billing, and other
 138.5 hospital applications, together with application development services and training related
 138.6 to the use of the computer hardware and software and other intellectual property, all
 138.7 without regard to their useful life. For purposes of determining the amount of capital notes
 138.8 which the county may issue in any year, the budget of the county and Hennepin Healthcare
 138.9 System, Inc. shall be combined and the notes issuable under this subdivision shall be in
 138.10 addition to obligations issuable under section 373.01, subdivision 3.

138.11 Sec. 3. Minnesota Statutes 2014, section 410.32, is amended to read:

138.12 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

138.13 (a) Notwithstanding any contrary provision of other law or charter, a home rule
 138.14 charter city may, by resolution and without public referendum, issue capital notes subject
 138.15 to the city debt limit to purchase capital equipment.

138.16 (b) For purposes of this section, "capital equipment" means:

138.17 (1) public safety equipment, ambulance and other medical equipment, road
 138.18 construction and maintenance equipment, and other capital equipment; and

138.19 (2) computer hardware and software, whether bundled with machinery or equipment
 138.20 or unbundled, together with application development services and training related to the
 138.21 use of the computer hardware and software.

138.22 (c) The equipment or software must have an expected useful life at least as long
 138.23 as the term of the notes.

138.24 (d) The notes shall be payable in not more than ten years and be issued on terms and
 138.25 in the manner the city determines, provided that notes issued for projects that eliminate
 138.26 R-22, as such projects are defined in section 240A.09, paragraph (b), clause (2), shall be
 138.27 payable in not more than 20 years. The total principal amount of the capital notes issued
 138.28 in a fiscal year shall not exceed 0.03 percent of the estimated market value of taxable
 138.29 property in the city for that year.

138.30 (e) A tax levy shall be made for the payment of the principal and interest on the
 138.31 notes, in accordance with section 475.61, as in the case of bonds.

138.32 (f) Notes issued under this section shall require an affirmative vote of two-thirds of
 138.33 the governing body of the city.

139.1 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
139.2 city may also issue capital notes subject to its debt limit in the manner and subject to the
139.3 limitations applicable to statutory cities pursuant to section 412.301.

139.4 Sec. 4. Minnesota Statutes 2014, section 412.301, is amended to read:

139.5 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

139.6 (a) The council may issue certificates of indebtedness or capital notes subject to the
139.7 city debt limits to purchase capital equipment.

139.8 (b) For purposes of this section, "capital equipment" means:

139.9 (1) public safety equipment, ambulance and other medical equipment, road
139.10 construction and maintenance equipment, and other capital equipment; and

139.11 (2) computer hardware and software, whether bundled with machinery or equipment
139.12 or unbundled, together with application development services and training related to the
139.13 use of the computer hardware or software.

139.14 (c) The equipment or software must have an expected useful life at least as long as
139.15 the terms of the certificates or notes.

139.16 (d) Such certificates or notes shall be payable in not more than ten years and shall
139.17 be issued on such terms and in such manner as the council may determine, provided,
139.18 however, that notes issued for projects that eliminate R-22, as such projects are defined in
139.19 section 240A.09, paragraph (b), clause (2), shall be payable in not more than 20 years.

139.20 (e) If the amount of the certificates or notes to be issued to finance any such purchase
139.21 exceeds 0.25 percent of the estimated market value of taxable property in the city, they
139.22 shall not be issued for at least ten days after publication in the official newspaper of
139.23 a council resolution determining to issue them; and if before the end of that time, a
139.24 petition asking for an election on the proposition signed by voters equal to ten percent
139.25 of the number of voters at the last regular municipal election is filed with the clerk, such
139.26 certificates or notes shall not be issued until the proposition of their issuance has been
139.27 approved by a majority of the votes cast on the question at a regular or special election.

139.28 (f) A tax levy shall be made for the payment of the principal and interest on such
139.29 certificates or notes, in accordance with section 475.61, as in the case of bonds.

139.30 Sec. 5. Minnesota Statutes 2014, section 469.034, subdivision 2, is amended to read:

139.31 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the
139.32 general obligation of the general jurisdiction governmental unit as additional security for
139.33 bonds payable from income or revenues of the project or the authority. The authority
139.34 must find that the pledged revenues will equal or exceed 110 percent of the principal and

140.1 interest due on the bonds for each year. The proceeds of the bonds must be used for a
140.2 qualified housing development project or projects. The obligations must be issued and
140.3 sold in the manner and following the procedures provided by chapter 475, except the
140.4 obligations are not subject to approval by the electors, and the maturities may extend to
140.5 not more than 35 years for obligations sold to finance housing for the elderly and 40 years
140.6 for other obligations issued under this subdivision. The authority is the municipality for
140.7 purposes of chapter 475.

140.8 (b) The principal amount of the issue must be approved by the governing body of
140.9 the general jurisdiction governmental unit whose general obligation is pledged. Public
140.10 hearings must be held on issuance of the obligations by both the authority and the general
140.11 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more
140.12 than 120 days, before the sale of the obligations.

140.13 (c) The maximum amount of general obligation bonds that may be issued and
140.14 outstanding under this section equals the greater of (1) one-half of one percent of the
140.15 estimated market value of the general jurisdiction governmental unit whose general
140.16 obligation is pledged, or (2) ~~\$3,000,000~~ \$5,000,000. In the case of county or multicounty
140.17 general obligation bonds, the outstanding general obligation bonds of all cities in the
140.18 county or counties issued under this subdivision must be added in calculating the limit
140.19 under clause (1).

140.20 (d) "General jurisdiction governmental unit" means the city in which the housing
140.21 development project is located. In the case of a county or multicounty authority, the
140.22 county or counties may act as the general jurisdiction governmental unit. In the case of
140.23 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the
140.24 taxable property in each of the counties.

140.25 (e) "Qualified housing development project" means a housing development project
140.26 providing housing either for the elderly or for individuals and families with incomes not
140.27 greater than 80 percent of the median family income as estimated by the United States
140.28 Department of Housing and Urban Development for the standard metropolitan statistical
140.29 area or the nonmetropolitan county in which the project is located. The project must be
140.30 owned for the term of the bonds either by the authority or by a limited partnership or other
140.31 entity in which the authority or another entity under the sole control of the authority is
140.32 the sole general partner and the partnership or other entity must receive (1) an allocation
140.33 from the Department of Management and Budget or an entitlement issuer of tax-exempt
140.34 bonding authority for the project and a preliminary determination by the Minnesota
140.35 Housing Finance Agency or the applicable suballocator of tax credits that the project
140.36 will qualify for four percent low-income housing tax credits or (2) a reservation of nine

141.1 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a
 141.2 suballocator of tax credits for the project. A qualified housing development project may
 141.3 admit nonelderly individuals and families with higher incomes if:

141.4 (1) three years have passed since initial occupancy;

141.5 (2) the authority finds the project is experiencing unanticipated vacancies resulting in
 141.6 insufficient revenues, because of changes in population or other unforeseen circumstances
 141.7 that occurred after the initial finding of adequate revenues; and

141.8 (3) the authority finds a tax levy or payment from general assets of the general
 141.9 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher
 141.10 income individuals or families are not admitted.

141.11 (f) The authority may issue bonds to refund bonds issued under this subdivision in
 141.12 accordance with section 475.67. The finding of the adequacy of pledged revenues required
 141.13 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the
 141.14 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and
 141.15 after July 1, 1992.

141.16 Sec. 6. Minnesota Statutes 2014, section 469.101, subdivision 1, is amended to read:

141.17 Subdivision 1. **Establishment.** An economic development authority may create
 141.18 and define the boundaries of economic development districts at any place or places within
 141.19 the city, except that the district boundaries must be contiguous, and may use the powers
 141.20 granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must
 141.21 hold a public hearing on the matter. At least ten days before the hearing, the authority
 141.22 shall publish notice of the hearing in a daily newspaper of general circulation in the city.
 141.23 Also, the authority shall find that an economic development district is proper and desirable
 141.24 to establish and develop within the city.

141.25 Sec. 7. Minnesota Statutes 2014, section 473.39, is amended by adding a subdivision
 141.26 to read:

141.27 Subd. 1u. **Obligations.** (a) In addition to other authority in this section, the council
 141.28 may issue certificates of indebtedness, bonds, or other obligations under this section in an
 141.29 amount not exceeding \$82,100,000 for capital expenditures as prescribed in the council's
 141.30 transit capital improvement program and for related costs, including the costs of issuance
 141.31 and sale of the obligations. Of this authorization, after July 1, 2016, the council may
 141.32 issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding
 141.33 \$40,100,000, and after July 1, 2017, the council may issue certificates of indebtedness,
 141.34 bonds, or other obligations in an additional amount not exceeding \$42,000,000.

142.1 (b) This section applies in the counties of Anoka, Carver, Dakota, Hennepin,
 142.2 Ramsey, Scott, and Washington.

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

142.4 Sec. 8. Minnesota Statutes 2014, section 475.58, subdivision 3b, is amended to read:

142.5 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,
 142.6 without regard to the election requirement under subdivision 1, issue and sell obligations
 142.7 for street reconstruction or bituminous overlays, if the following conditions are met:

142.8 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay
 142.9 plan that describes the street reconstruction or overlay to be financed, the estimated costs,
 142.10 and any planned reconstruction or overlay of other streets in the municipality over the next
 142.11 five years, and the plan and issuance of the obligations has been approved by a vote of
 142.12 ~~all~~ a majority of the members of the governing body present at the meeting following a
 142.13 public hearing for which notice has been published in the official newspaper at least ten
 142.14 days but not more than 28 days prior to the hearing; and

142.15 (2) if a petition requesting a vote on the issuance is signed by voters equal to
 142.16 five percent of the votes cast in the last municipal general election and is filed with the
 142.17 municipal clerk within 30 days of the public hearing, the municipality may issue the bonds
 142.18 only after obtaining the approval of a majority of the voters voting on the question of the
 142.19 issuance of the obligations. If the municipality elects not to submit the question to the
 142.20 voters, the municipality shall not propose the issuance of bonds under this section for the
 142.21 same purpose and in the same amount for a period of 365 days from the date of receipt
 142.22 of the petition. If the question of issuing the bonds is submitted and not approved by the
 142.23 voters, the provisions of section 475.58, subdivision 1a, shall apply.

142.24 (b) Obligations issued under this subdivision are subject to the debt limit of the
 142.25 municipality and are not excluded from net debt under section 475.51, subdivision 4.

142.26 (c) For purposes of this subdivision, street reconstruction and bituminous overlays
 142.27 includes utility replacement and relocation and other activities incidental to the street
 142.28 reconstruction, turn lanes and other improvements having a substantial public safety
 142.29 function, realignments, other modifications to intersect with state and county roads, and
 142.30 the local share of state and county road projects. For purposes of this subdivision, "street
 142.31 reconstruction" includes expenditures for street reconstruction that have been incurred
 142.32 by a municipality before approval of a street reconstruction plan, if such expenditures
 142.33 are included in a street reconstruction plan approved on or before the date of the public
 142.34 hearing under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

143.1 (d) Except in the case of turn lanes, safety improvements, realignments, intersection
 143.2 modifications, and the local share of state and county road projects, street reconstruction
 143.3 and bituminous overlays does not include the portion of project cost allocable to widening
 143.4 a street or adding curbs and gutters where none previously existed.

143.5 Sec. 9. Minnesota Statutes 2014, section 475.60, subdivision 2, is amended to read:

143.6 Subd. 2. **Requirements waived.** The requirements as to public sale shall not
 143.7 apply to:

143.8 (1) obligations issued under the provisions of a home rule charter or of a law
 143.9 specifically authorizing a different method of sale, or authorizing them to be issued in such
 143.10 manner or on such terms and conditions as the governing body may determine;

143.11 (2) obligations sold by an issuer in an amount not exceeding the total sum of
 143.12 \$1,200,000 in any 12-month period;

143.13 (3) obligations issued by a governing body other than a school board in anticipation
 143.14 of the collection of taxes or other revenues appropriated for expenditure in a single year, if
 143.15 sold in accordance with the most favorable of two or more proposals solicited privately;

143.16 (4) obligations sold to any board, department, or agency of the United States of
 143.17 America or of the state of Minnesota, in accordance with rules or regulations promulgated
 143.18 by such board, department, or agency;

143.19 (5) obligations issued to fund pension and retirement fund liabilities under section
 143.20 475.52, subdivision 6, obligations issued with tender options under section 475.54,
 143.21 subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision
 143.22 13, and any issue of obligations comprised in whole or in part of obligations bearing
 143.23 interest at a rate or rates which vary periodically referred to in section 475.56;

143.24 (6) obligations to be issued for a purpose, in a manner, and upon terms and
 143.25 conditions authorized by law, if the governing body of the municipality, on the advice of
 143.26 bond counsel or special tax counsel, determines that interest on the obligations cannot be
 143.27 represented to be excluded from gross income for purposes of federal income taxation;

143.28 (7) obligations issued in the form of an installment purchase contract, lease purchase
 143.29 agreement, or other similar agreement;

143.30 (8) obligations sold under a bond reinvestment program; and

143.31 (9) if the municipality has retained an independent ~~financial~~ municipal advisor,
 143.32 obligations which the governing body determines shall be sold by private negotiation.

144.1 **ARTICLE 9**

144.2 **IRON RANGE RESOURCES AND REHABILITATION**

144.3 Section 1. Minnesota Statutes 2014, section 15.38, subdivision 7, is amended to read:

144.4 Subd. 7. **Iron Range resources and rehabilitation Board.** After seeking
 144.5 a recommendation from the Iron Range Resources and Rehabilitation Board, the
 144.6 commissioner of Iron Range resources and rehabilitation Board may purchase insurance if
 144.7 considers the commissioner deems necessary and appropriate to insure facilities operated
 144.8 by the board.

144.9 Sec. 2. Minnesota Statutes 2014, section 116J.424, is amended to read:

144.10 **116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD**
 144.11 **CONTRIBUTION.**

144.12 The commissioner of ~~the~~ Iron Range resources and rehabilitation ~~Board~~ ~~with~~
 144.13 ~~approval by the board~~, shall provide an equal match for any loan or equity investment
 144.14 made for a facility located in the tax relief area defined in section 273.134, paragraph (b),
 144.15 by the Minnesota minerals 21st century fund created by section 116J.423. The match may
 144.16 be in the form of a loan or equity investment, notwithstanding whether the fund makes
 144.17 a loan or equity investment. The state shall not acquire an equity interest because of an
 144.18 equity investment or loan ~~by the board~~ under this section and the ~~board at its sole discretion~~
 144.19 commissioner, after consultation with the Iron Range Resources and Rehabilitation Board,
 144.20 shall have the sole discretion to decide what interest ~~it~~ the board acquires in a project. The
 144.21 commissioner of employment and economic development may require a commitment
 144.22 from the ~~board~~ commissioner to make the match prior to disbursing money from the fund.

144.23 Sec. 3. Minnesota Statutes 2014, section 216B.161, subdivision 1, is amended to read:

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

144.26 (b) "Area development rate" means a rate schedule established by a utility that
 144.27 provides customers within an area development zone service under a base utility rate
 144.28 schedule, except that charges may be reduced from the base rate as agreed upon by the
 144.29 utility and the customer consistent with this section.

144.30 (c) "Area development zone" means a contiguous or noncontiguous area designated
 144.31 by an authority or municipality for development or redevelopment and within which one
 144.32 of the following conditions exists:

144.33 (1) obsolete buildings not suitable for improvement or conversion or other identified
 144.34 hazards to the health, safety, and general well-being of the community;

145.1 (2) buildings in need of substantial rehabilitation or in substandard condition; or

145.2 (3) low values and damaged investments.

145.3 (d) "Authority" means a rural development financing authority established under

145.4 sections 469.142 to 469.151; a housing and redevelopment authority established under

145.5 sections 469.001 to 469.047; a port authority established under sections 469.048 to

145.6 469.068; an economic development authority established under sections 469.090

145.7 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; the

145.8 commissioner of Iron Range resources and rehabilitation, acting after consultation

145.9 with the board established under section 298.22; a municipality that is administering a

145.10 development district created under sections 469.124 to 469.133 or any special law; a

145.11 municipality that undertakes a project under sections 469.152 to 469.165, except a town

145.12 located outside the metropolitan area as defined in section 473.121, subdivision 2, or with

145.13 a population of 5,000 persons or less; or a municipality that exercises the powers of a port

145.14 authority under any general or special law.

145.15 (e) "Municipality" means a city, however organized, and, with respect to a project

145.16 undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in

145.17 sections 469.152 to 469.165, and, with respect to a project undertaken under sections

145.18 469.142 to 469.151 or a county or multicounty project undertaken under sections 469.004

145.19 to 469.008, also includes any county.

145.20 Sec. 4. Minnesota Statutes 2014, section 276A.01, subdivision 8, is amended to read:

145.21 Subd. 8. **Municipality.** "Municipality" means a city, town, or township located

145.22 in whole or part within the area. If a municipality is located partly within and partly

145.23 without the area, the references in sections 276A.01 to 276A.09 to property or any portion

145.24 thereof subject to taxation or taxing jurisdiction within the municipality are to the property

145.25 or portion thereof that is located in that portion of the municipality within the area,

145.26 except that the fiscal capacity of the municipality must be computed upon the basis of the

145.27 valuation and population of the entire municipality. A municipality shall be excluded from

145.28 the area if its municipal comprehensive zoning and planning policies conscientiously

145.29 exclude most commercial-industrial development, for reasons other than preserving an

145.30 agricultural use. The commissioner of Iron Range resources and rehabilitation Board and

145.31 the commissioner of revenue shall jointly make this determination annually and shall

145.32 notify those municipalities that are ineligible to participate in the tax base sharing program

145.33 provided in this chapter for the following year. Before making the joint determination, the

145.34 commissioner of Iron Range resources and rehabilitation shall seek a recommendation

145.35 from the Iron Range Resources and Rehabilitation Board.

146.1 Sec. 5. Minnesota Statutes 2014, section 276A.01, subdivision 17, is amended to read:

146.2 Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up
146.3 to 25 percent of the areawide levy certified by the commissioner of Iron Range resources
146.4 and rehabilitation, after seeking a recommendation from the Iron Range Resources and
146.5 Rehabilitation Board, to be used for the purposes of the Iron Range school consolidation
146.6 and cooperatively operated school account under section 298.28, subdivision 7a.

146.7 (b) The allocation under paragraph (a) shall only be made after the commissioner of
146.8 Iron Range resources and rehabilitation, after seeking a recommendation from the Iron
146.9 Range Resources and Rehabilitation Board, has certified by June 30 that the Iron Range
146.10 school consolidation and cooperatively operated account has insufficient funds to make
146.11 payments as authorized under section 298.28, subdivision 7a.

146.12 Sec. 6. Minnesota Statutes 2014, section 282.38, subdivision 1, is amended to read:

146.13 Subdivision 1. **Development.** In any county where the county board by proper
146.14 resolution sets aside funds for forest development pursuant to section 282.08, clause (5),
146.15 item (i), or section 459.06, subdivision 2, the commissioner of Iron Range resources
146.16 and rehabilitation ~~with the approval of the,~~ after seeking a recommendation from the
146.17 Iron Range Resources and Rehabilitation Board, may upon request of the county board
146.18 assist said county in carrying out any project for the long range development of its forest
146.19 resources through matching of funds or otherwise.

146.20 Sec. 7. Minnesota Statutes 2014, section 298.001, subdivision 8, is amended to read:

146.21 Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue
146.22 of the state of Minnesota, except that when used in sections 298.22 to 298.227, and
146.23 298.291 to 298.298, "commissioner" means the commissioner of Iron Range resources
146.24 and rehabilitation.

146.25 Sec. 8. Minnesota Statutes 2014, section 298.22, subdivision 1, is amended to read:

146.26 Subdivision 1. **The Office of the Commissioner of Iron Range resources**
146.27 **and rehabilitation.** (a) The Office of the Commissioner of Iron Range resources and
146.28 rehabilitation is created as an agency in the executive branch of state government. The
146.29 governor shall appoint the commissioner of Iron Range resources and rehabilitation
146.30 under section 15.06. The commissioner may expend amounts appropriated to the
146.31 commissioner or the board for projects after submitting the expenditure to the board for
146.32 a recommendation under subdivision 1a.

147.1 (b) The commissioner may hold other positions or appointments that are not
147.2 incompatible with duties as commissioner of Iron Range resources and rehabilitation. The
147.3 commissioner may appoint a deputy commissioner. All expenses of the commissioner,
147.4 including the payment of staff and other assistance as may be necessary, must be paid
147.5 out of the amounts appropriated by section 298.28 or otherwise made available by law
147.6 to the commissioner. Notwithstanding chapters 16A, 16B, and 16C, the commissioner
147.7 may utilize contracting options available under section 471.345 when the commissioner
147.8 determines it is in the best interest of the agency. The agency is not subject to sections
147.9 16E.016 and 16C.05.

147.10 (c) When the commissioner determines that distress and unemployment exists or
147.11 may exist in the future in any county by reason of the removal of natural resources or
147.12 a possibly limited use of natural resources in the future and any resulting decrease in
147.13 employment, the commissioner may use whatever amounts of the appropriation made to
147.14 the commissioner of revenue in section 298.28 that are determined to be necessary and
147.15 proper in the development of the remaining resources of the county and in the vocational
147.16 training and rehabilitation of its residents, except that the amount needed to cover cost
147.17 overruns awarded to a contractor by an arbitrator in relation to a contract awarded by
147.18 the commissioner or in effect after July 1, 1985, is appropriated from the general fund.
147.19 For the purposes of this section, "development of remaining resources" includes, but is
147.20 not limited to, the promotion of tourism.

147.21 Sec. 9. Minnesota Statutes 2014, section 298.22, subdivision 1a, is amended to read:

147.22 Subd. 1a. **Iron Range Resources and Rehabilitation Board.** The Iron Range
147.23 Resources and Rehabilitation Board consists of the state senators and representatives
147.24 elected from state senatorial or legislative districts in which one-third or more of the
147.25 residents reside in a taconite assistance area as defined in section 273.1341. One additional
147.26 state senator shall also be appointed by the senate Subcommittee on Committees of the
147.27 Committee on Rules and Administration. All expenditures and projects made by the
147.28 commissioner shall first be submitted to the board for approval. The board shall recommend
147.29 approval or disapproval or modification of the expenditures and projects. The expenses
147.30 of the board shall be paid by the state from the funds raised pursuant to this section.
147.31 Members of the board may be reimbursed for expenses in the manner provided in sections
147.32 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims
147.33 between legislative sessions in the manner provided in section 3.099, subdivision 1.

148.1 The members shall be appointed in January of every odd-numbered year, and shall
148.2 serve until January of the next odd-numbered year. Vacancies on the board shall be filled
148.3 in the same manner as original members were chosen.

148.4 Sec. 10. Minnesota Statutes 2014, section 298.22, subdivision 5a, is amended to read:

148.5 Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by~~ after requesting a
148.6 recommendation from the board, may purchase forest lands in the taconite assistance area
148.7 defined in under section 273.1341 with funds specifically authorized for the purchase. The
148.8 acquired forest lands must be held in trust for the benefit of the citizens of the taconite
148.9 assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall
148.10 be managed and developed for recreation and economic development purposes. The
148.11 commissioner, ~~upon approval by~~ after requesting a recommendation from the board,
148.12 may sell forest lands purchased under this subdivision if the ~~board finds~~ commissioner
148.13 determines that the sale advances the purposes of the trust. Proceeds derived from the
148.14 management or sale of the lands and from the sale of timber or removal of gravel or
148.15 other minerals from these forest lands shall be deposited into an Iron Range Miners'
148.16 Memorial Forest account that is established within the state financial accounts. Funds may
148.17 be expended from the account ~~upon approval by~~ after the commissioner has sought a
148.18 recommendation from the board, to purchase, manage, administer, convey interests in,
148.19 and improve the forest lands. ~~With approval by~~ After the commissioner has sought a
148.20 recommendation from the board, money in the Iron Range Miners' Memorial Forest
148.21 account may be transferred into the corpus of the Douglas J. Johnson economic protection
148.22 trust fund established under sections 298.291 to 298.294. The property acquired under
148.23 the authority granted by this subdivision and income derived from the property or the
148.24 operation or management of the property are exempt from taxation by the state or its
148.25 political subdivisions while held by the forest trust.

148.26 Sec. 11. Minnesota Statutes 2014, section 298.22, subdivision 6, is amended to read:

148.27 Subd. 6. **Private entity participation.** After seeking a recommendation from the
148.28 board, the commissioner may acquire an equity interest in any project for which ~~it~~ the
148.29 commissioner provides funding. The commissioner may establish, participate in the
148.30 management of, and dispose of the assets of charitable foundations, nonprofit limited
148.31 liability companies, and nonprofit corporations associated with any project for which it
148.32 provides funding, including specifically, but without limitation, a corporation within the
148.33 meaning of section 317A.011, subdivision 6.

149.1 Sec. 12. Minnesota Statutes 2014, section 298.22, subdivision 8, is amended to read:

149.2 Subd. 8. **Spending priority.** In making or ~~approving~~ recommending any
149.3 expenditures on programs or projects, the commissioner and the board shall give the
149.4 highest priority to programs and projects that target relief to those areas of the taconite
149.5 assistance area as defined in section 273.1341, that have the largest percentages of job
149.6 losses and population losses directly attributable to the economic downturn in the taconite
149.7 industry since the 1980s. The commissioner and the board shall compare the 1980
149.8 population and employment figures with the 2000 population and employment figures,
149.9 and shall specifically consider the job losses in 2000 and 2001 resulting from the closure
149.10 of LTV Steel Mining Company, in making or ~~approving~~ recommending expenditures
149.11 consistent with this subdivision, as well as the areas of residence of persons who suffered
149.12 job loss for which relief is to be targeted under this subdivision. The commissioner
149.13 may lease, for a term not exceeding 50 years and upon the terms determined by the
149.14 commissioner ~~and approved~~ after seeking review by the board, surface and mineral
149.15 interests owned or acquired by the state of Minnesota acting by and through the office of
149.16 the commissioner of Iron Range resources and rehabilitation within those portions of the
149.17 taconite assistance area affected by the closure of the LTV Steel Mining Company facility
149.18 near Hoyt Lakes. The payments and royalties from these leases must be deposited into the
149.19 fund established in section 298.292. This subdivision supersedes any other conflicting
149.20 provisions of law and does not preclude the commissioner ~~and the board~~ from making
149.21 expenditures for programs and projects in other areas after seeking review by the board.

149.22 Sec. 13. Minnesota Statutes 2014, section 298.22, subdivision 10, is amended to read:

149.23 Subd. 10. **Sale or privatization of functions.** The commissioner of Iron
149.24 Range resources and rehabilitation may not sell or privatize the Ironworld Discovery
149.25 Center or Giants Ridge Golf and Ski Resort without ~~prior approval by~~ first seeking a
149.26 recommendation from the board.

149.27 Sec. 14. Minnesota Statutes 2014, section 298.22, subdivision 11, is amended to read:

149.28 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation
149.29 shall annually prepare a budget for operational expenditures, programs, and projects, and
149.30 submit it to the Iron Range Resources and Rehabilitation Board for a recommendation.
149.31 After the budget is approved by ~~the board and~~ the governor, the commissioner may spend
149.32 money in accordance with the approved budget.

149.33 Sec. 15. Minnesota Statutes 2014, section 298.221, is amended to read:

150.1 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

150.2 (a) Except as provided in paragraph (c), all money paid to the state of Minnesota
 150.3 pursuant to the terms of any contract entered into by the state under authority of section
 150.4 298.22 and any fees which may, in the discretion of the commissioner of Iron Range
 150.5 resources and rehabilitation, be charged in connection with any project pursuant to that
 150.6 section as amended, shall be deposited in the state treasury to the credit of the Iron Range
 150.7 Resources and Rehabilitation Board account in the special revenue fund and are hereby
 150.8 appropriated for the purposes of section 298.22.

150.9 (b) Notwithstanding section 16A.013, merchandise may be accepted by the
 150.10 commissioner of the Iron Range Resources and Rehabilitation Board for payment of
 150.11 advertising contracts if the commissioner determines that the merchandise can be used
 150.12 for special event prizes or mementos at facilities operated by the board. Nothing in this
 150.13 paragraph authorizes the commissioner or a member of the board to receive merchandise
 150.14 for personal use.

150.15 (c) All fees charged by the commissioner in connection with public use of the
 150.16 state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other
 150.17 revenues derived by the commissioner from the operation or lease of those facilities
 150.18 and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge
 150.19 Recreation Area must be deposited into an Iron Range Resources and Rehabilitation
 150.20 Board account that is created within the state enterprise fund. All funds deposited in the
 150.21 enterprise fund account are appropriated to the commissioner to be expended, ~~subject to~~
 150.22 ~~approval by~~ after seeking a recommendation from the board, as follows:

150.23 (1) to pay costs associated with the construction, equipping, operation, repair, or
 150.24 improvement of the Giants Ridge Recreation Area facilities or lands;

150.25 (2) to pay principal, interest and associated bond issuance, reserve, and servicing
 150.26 costs associated with the financing of the facilities; and

150.27 (3) to pay the costs of any other project authorized under section 298.22.

150.28 Sec. 16. Minnesota Statutes 2014, section 298.2211, subdivision 3, is amended to read:

150.29 Subd. 3. **Project approval.** All projects authorized by this section shall be submitted
 150.30 by the commissioner to the Iron Range Resources and Rehabilitation Board for ~~approval~~
 150.31 ~~by a recommendation from~~ the board. Prior to the commencement of a project involving
 150.32 the exercise by the commissioner of any authority of sections 469.174 to 469.179, the
 150.33 governing body of each municipality in which any part of the project is located and the
 150.34 county board of any county containing portions of the project not located in an incorporated
 150.35 area shall by majority vote approve or disapprove the project. Any project approved by

151.1 the ~~board~~ commissioner and the applicable governing bodies, if any, together with detailed
 151.2 information concerning the project, its costs, the sources of its funding, and the amount of
 151.3 any bonded indebtedness to be incurred in connection with the project, shall be transmitted
 151.4 to the governor, who shall approve, disapprove, or return the proposal for additional
 151.5 consideration within 30 days of receipt. No project authorized under this section shall be
 151.6 undertaken, and no obligations shall be issued and no tax increments shall be expended for
 151.7 a project authorized under this section until the project has been approved by the governor.

151.8 Sec. 17. Minnesota Statutes 2014, section 298.2213, subdivision 4, is amended to read:

151.9 Subd. 4. **Project approval.** After seeking a recommendation from the board and,
 151.10 the commissioner shall by August 1 each year prepare a list of projects to be funded from
 151.11 the money appropriated in this section with necessary supporting information including
 151.12 descriptions of the projects, plans, and cost estimates. A project must not be approved by
 151.13 the ~~board~~ commissioner unless it the commissioner finds that:

151.14 (1) the project will materially assist, directly or indirectly, the creation of additional
 151.15 long-term employment opportunities;

151.16 (2) the prospective benefits of the expenditure exceed the anticipated costs; and

151.17 (3) in the case of assistance to private enterprise, the project will serve a sound
 151.18 business purpose.

151.19 Each project must be approved by the ~~board and~~ the commissioner of Iron Range
 151.20 resources and rehabilitation. The list of projects must be submitted to the governor,
 151.21 who shall, by November 15 of each year, approve, disapprove, or return for further
 151.22 consideration, each project. The money for a project may be spent only upon approval of
 151.23 the project by the governor. The ~~board~~ commissioner may submit supplemental projects
 151.24 for approval at any time, after seeking a recommendation from the board.

151.25 Sec. 18. Minnesota Statutes 2014, section 298.2213, subdivision 5, is amended to read:

151.26 Subd. 5. **Advisory committees.** ~~Before submission to the board of a proposal for~~
 151.27 ~~a project for expenditure of money appropriated under this section,~~ The commissioner
 151.28 of Iron Range resources and rehabilitation shall appoint a technical advisory committee
 151.29 consisting of at least seven persons who are knowledgeable in areas related to the
 151.30 objectives of the proposal. If the project involves investment in a scientific research
 151.31 proposal, at least four of the committee members must be knowledgeable in the specific
 151.32 scientific research area relating to the project. Members of the committees must be
 151.33 compensated as provided in section 15.059, subdivision 3. The ~~board~~ commissioner shall
 151.34 not act on a proposal for a request for expenditure of money appropriated under this

152.1 section until it has received the commissioner has sought review from the board of the
 152.2 evaluation and recommendations of the technical advisory committee.

152.3 Sec. 19. Minnesota Statutes 2014, section 298.2213, subdivision 6, is amended to read:

152.4 Subd. 6. **Use of repayments and earnings.** Principal and interest received in
 152.5 repayment of loans made under this section must be deposited in the ~~state treasury~~
 152.6 ~~and are appropriated to the board for the purposes of this section~~ northeast Minnesota
 152.7 economic development fund account in the special revenue fund in the state treasury. The
 152.8 commissioner of Iron Range resources and rehabilitation must seek a recommendation
 152.9 from the Iron Range Resources and Rehabilitation Board for any use of funds appropriated
 152.10 under this section.

152.11 Sec. 20. Minnesota Statutes 2014, section 298.223, subdivision 1, is amended to read:

152.12 Subdivision 1. **Creation; purposes.** A fund called the taconite environmental
 152.13 protection fund is created for the purpose of reclaiming, restoring and enhancing those
 152.14 areas of northeast Minnesota located within the taconite assistance area defined in section
 152.15 273.1341, that are adversely affected by the environmentally damaging operations
 152.16 involved in mining taconite and iron ore and producing iron ore concentrate and for the
 152.17 purpose of promoting the economic development of northeast Minnesota. The taconite
 152.18 environmental protection fund shall be used for the following purposes:

152.19 (1) to initiate investigations into matters the Iron Range Resources and Rehabilitation
 152.20 Board determines are in need of study and which will determine the environmental
 152.21 problems requiring remedial action;

152.22 (2) reclamation, restoration, or reforestation of mine lands not otherwise provided
 152.23 for by state law;

152.24 (3) local economic development projects but only if those projects are approved by
 152.25 the ~~board~~ commissioner after seeking a recommendation of the projects from the board,
 152.26 and public works, including construction of sewer and water systems located within the
 152.27 taconite assistance area defined in section 273.1341;

152.28 (4) monitoring of mineral industry related health problems among mining employees;

152.29 (5) local public works projects under section 298.227, paragraph (c); and

152.30 (6) local public works projects as provided under this clause. The following amounts
 152.31 shall be distributed in 2009 based upon the taxable tonnage of production in 2008:

152.32 (i) .4651 cent per ton to the city of Aurora for street repair and renovation;

152.33 (ii) .4264 cent per ton to the city of Biwabik for street and utility infrastructure
 152.34 improvements to the south side industrial site;

- 153.1 (iii) .6460 cent per ton to the city of Buhl for street repair;
- 153.2 (iv) 1.0336 cents per ton to the city of Hoyt Lakes for public utility improvements;
- 153.3 (v) 1.1628 cents per ton to the city of Eveleth for water and sewer infrastructure
- 153.4 upgrades;
- 153.5 (vi) 1.0336 cents per ton to the city of Gilbert for water and sewer infrastructure
- 153.6 upgrades;
- 153.7 (vii) .7752 cent per ton to the city of Mountain Iron for water and sewer infrastructure;
- 153.8 (viii) 1.2920 cents per ton to the city of Virginia for utility upgrades and accessibility
- 153.9 modifications for the miners' memorial;
- 153.10 (ix) .6460 cent per ton to the town of White for Highway 135 road upgrades;
- 153.11 (x) 1.9380 cents per ton to the city of Hibbing for public infrastructure projects;
- 153.12 (xi) 1.1628 cents per ton to the city of Chisholm for water and sewer repair;
- 153.13 (xii) .6460 cent per ton to the town of Balkan for community center repairs;
- 153.14 (xiii) .9044 cent per ton to the city of Babbitt for city garage construction;
- 153.15 (xiv) .5168 cent per ton to the city of Cook for public infrastructure projects;
- 153.16 (xv) .5168 cent per ton to the city of Ely for reconstruction of 2nd Avenue West;
- 153.17 (xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;
- 153.18 (xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;
- 153.19 (xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;
- 153.20 (xix) .3230 cent per ton to Lake County for trail construction;
- 153.21 (xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand
- 153.22 Marais;
- 153.23 (xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure
- 153.24 improvements;
- 153.25 (xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;
- 153.26 (xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer
- 153.27 improvements along Gayley Avenue;
- 153.28 (xxiv) .3876 cent per ton to the city of Marble for construction of a city
- 153.29 administration facility;
- 153.30 (xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the
- 153.31 community center;
- 153.32 (xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure
- 153.33 upgrades;
- 153.34 (xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades
- 153.35 along Depot Street;

154.1 (xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter
154.2 improvements;

154.3 (xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer
154.4 infrastructure upgrades at Pokegema Golf Course and Park Place;

154.5 (xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades
154.6 for 1st Avenue from River Road to 3rd Street SE; and

154.7 (xxxi) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing
154.8 at Highway 2 and County Road 62.

154.9 Sec. 21. Minnesota Statutes 2014, section 298.223, subdivision 2, is amended to read:

154.10 Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall
154.11 be administered by the commissioner of the Iron Range Resources and Rehabilitation
154.12 Board. The commissioner shall by September 1 of each year submit to the board a list
154.13 of projects to be funded from the taconite area environmental protection fund, with such
154.14 supporting information including description of the projects, plans, and cost estimates as
154.15 may be necessary.

154.16 (b) Each year no less than one-half of the amounts deposited into the taconite
154.17 environmental protection fund must be used for public works projects, including
154.18 construction of sewer and water systems, as specified under subdivision 1, clause (3).

154.19 After seeking a recommendation from the Iron Range Resources and Rehabilitation Board,
154.20 the commissioner may waive the requirements of this paragraph.

154.21 (c) ~~Upon approval by the board,~~ The list of projects approved by the commissioner
154.22 under this subdivision, after the commissioner has sought review of the projects by the
154.23 board, shall be submitted to the governor by November 1 of each year. By December 1 of
154.24 each year, the governor shall approve or disapprove, or return for further consideration,
154.25 each project. Funds for a project may be expended only upon approval of the project by
154.26 ~~the board~~ commissioner and the governor. The commissioner may submit supplemental
154.27 ~~projects to the board and for approval from the governor for approval~~ after seeking review
154.28 of the supplemental projects from the board at any time.

154.29 Sec. 22. Minnesota Statutes 2014, section 298.227, is amended to read:

154.30 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

154.31 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
154.32 production and qualifying sales under section 298.28, subdivision 9a, shall be held by
154.33 the Iron Range Resources and Rehabilitation Board in a separate taconite economic
154.34 development fund for each taconite and direct reduced ore producer. Money from the

155.1 fund for each producer shall be released by the commissioner after review by a joint
155.2 committee consisting of an equal number of representatives of the salaried employees and
155.3 the nonsalaried production and maintenance employees of that producer. The District 11
155.4 director of the United States Steelworkers of America, on advice of each local employee
155.5 president, shall select the employee members. In nonorganized operations, the employee
155.6 committee shall be elected by the nonsalaried production and maintenance employees. The
155.7 review must be completed no later than six months after the producer presents a proposal
155.8 for expenditure of the funds to the committee. The funds held pursuant to this section may
155.9 be released only for workforce development and associated public facility improvement,
155.10 or for acquisition of plant and stationary mining equipment and facilities for the producer
155.11 or for research and development in Minnesota on new mining, or taconite, iron, or steel
155.12 production technology, but only if the producer provides a matching expenditure equal to
155.13 the amount of the distribution to be used for the same purpose beginning with distributions
155.14 in 2014. Effective for proposals for expenditures of money from the fund beginning May
155.15 26, 2007, the commissioner may not release the funds before the next scheduled meeting
155.16 of the board. If a proposed expenditure is not approved by the commissioner, after
155.17 seeking a recommendation from the board, the funds must be deposited in the Taconite
155.18 Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses
155.19 money which has been released from the fund prior to May 26, 2007 to procure haulage
155.20 trucks, mobile equipment, or mining shovels, and the producer removes the piece of
155.21 equipment from the taconite tax relief area defined in section 273.134 within ten years
155.22 from the date of receipt of the money from the fund, a portion of the money granted
155.23 from the fund must be repaid to the taconite economic development fund. The portion
155.24 of the money to be repaid is 100 percent of the grant if the equipment is removed from
155.25 the taconite tax relief area within 12 months after receipt of the money from the fund,
155.26 declining by ten percent for each of the subsequent nine years during which the equipment
155.27 remains within the taconite tax relief area. If a taconite production facility is sold after
155.28 operations at the facility had ceased, any money remaining in the fund for the former
155.29 producer may be released to the purchaser of the facility on the terms otherwise applicable
155.30 to the former producer under this section. If a producer fails to provide matching funds
155.31 for a proposed expenditure within six months after the commissioner approves release
155.32 of the funds, the funds are available for release to another producer in proportion to the
155.33 distribution provided and under the conditions of this section. Any portion of the fund
155.34 which is not released by the commissioner within one year of its deposit in the fund shall
155.35 be divided between the taconite environmental protection fund created in section 298.223
155.36 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for

156.1 placement in their respective special accounts. Two-thirds of the unreleased funds shall be
 156.2 distributed to the taconite environmental protection fund and one-third to the Douglas J.
 156.3 Johnson economic protection trust fund.

156.4 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of
 156.5 distributions and the review process, an amount equal to ten cents per taxable ton of
 156.6 production in 2007, for distribution in 2008 only, that would otherwise be distributed under
 156.7 paragraph (a), may be used for a loan or grant for the cost of providing for a value-added
 156.8 wood product facility located in the taconite tax relief area and in a county that contains a
 156.9 city of the first class. This amount must be deducted from the distribution under paragraph
 156.10 (a) for which a matching expenditure by the producer is not required. The granting of the
 156.11 loan or grant is subject to approval by the commissioner, after seeking a recommendation
 156.12 from the board. If the money is provided as a loan, interest must be payable on the loan at
 156.13 the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and
 156.14 interest, if any, must be deposited in the taconite environment protection fund under
 156.15 sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1,
 156.16 2012, the amount that had been made available for the loan under this paragraph must be
 156.17 transferred to the taconite environment protection fund under sections 298.222 to 298.225.
 156.18 (iii) Money distributed in 2008 to the fund established under this section that exceeds ten
 156.19 cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

156.20 (c) Repayment or transfer of money to the taconite environmental protection fund
 156.21 under paragraph (b), item (ii), must be allocated by the commissioner of Iron Range
 156.22 resources and rehabilitation, after seeking a recommendation from the Iron Range
 156.23 Resources and Rehabilitation Board for public works projects in house legislative districts
 156.24 in the same proportion as taxable tonnage of production in 2007 in each house legislative
 156.25 district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for
 156.26 distribution in 2008. Notwithstanding any other law to the contrary, expenditures under
 156.27 this paragraph do not require approval by the governor. For purposes of this paragraph,
 156.28 "house legislative districts" means the legislative districts in existence on May 15, 2009.

156.29 Sec. 23. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

156.30 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**
 156.31 **account.** The following amounts must be allocated to the Iron Range Resources and
 156.32 Rehabilitation Board to be deposited in the Iron Range school consolidation and
 156.33 cooperatively operated school account that is hereby created:

157.1 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax
 157.2 imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per
 157.3 taxable ton of the tax imposed under section 298.24;

157.4 (2) the amount as determined under section 298.17, paragraph (b), clause (3);

157.5 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
 157.6 proceeds attributable to the increase in the implicit price deflator as provided in section
 157.7 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
 157.8 Johnson economic protection trust fund;

157.9 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the
 157.10 increased tax proceeds attributable to the increase in the implicit price deflator as provided
 157.11 in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining
 157.12 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

157.13 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the
 157.14 increased tax proceeds attributable to the increase in the implicit price deflator as provided
 157.15 in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the
 157.16 remaining one-third to be distributed to the Douglas J. Johnson economic protection
 157.17 trust fund; and

157.18 (4) any other amount as provided by law.

157.19 Expenditures from this account may be approved as ongoing annual expenditures
 157.20 and shall be made only to provide disbursements to assist school districts with the
 157.21 payment of bonds that were issued for qualified school projects, or for any other school
 157.22 disbursement as approved by the commissioner of Iron Range resources and rehabilitation
 157.23 after the commissioner of Iron Range resources and rehabilitation has sought review of the
 157.24 expenditures by the Iron Range Resources and Rehabilitation Board. For purposes of this
 157.25 section, "qualified school projects" means school projects within the taconite assistance
 157.26 area as defined in section 273.1341, that were (1) approved, by referendum, after April 3,
 157.27 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

157.28 Beginning in fiscal year 2019, the disbursement to school districts for payments for
 157.29 bonds issued under section 123A.482, subdivision 9, must be increased each year to
 157.30 offset any reduction in debt service equalization aid that the school district qualifies for in
 157.31 that year, under section 123B.53, subdivision 6, compared with the amount the school
 157.32 district qualified for in fiscal year 2018.

157.33 No expenditure under this section shall be made unless approved by ~~seven members~~
 157.34 of the commissioner of Iron Range resources and rehabilitation after seeking review of the
 157.35 expenditure from the Iron Range Resources and Rehabilitation Board.

158.1 Sec. 24. Minnesota Statutes 2014, section 298.28, subdivision 9d, is amended to read:

158.2 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must
158.3 be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in
158.4 an Iron Range higher education account that is hereby created, to be used for higher
158.5 education programs conducted at educational institutions in the taconite assistance area
158.6 defined in section 273.1341. The Iron Range Higher Education committee under section
158.7 298.2214, and the ~~Iron Range Resources and Rehabilitation Board~~ commissioner of Iron
158.8 Range resources and rehabilitation must approve all expenditures from the account, after
158.9 seeking review and recommendation of the expenditures from the Iron Range Resources
158.10 and Rehabilitation Board.

158.11 Sec. 25. Minnesota Statutes 2014, section 298.292, subdivision 2, is amended to read:

158.12 Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust
158.13 fund may be used for the following purposes:

158.14 (1) to provide loans, loan guarantees, interest buy-downs and other forms of
158.15 participation with private sources of financing, but a loan to a private enterprise shall be
158.16 for a principal amount not to exceed one-half of the cost of the project for which financing
158.17 is sought, and the rate of interest on a loan to a private enterprise shall be no less than the
158.18 lesser of eight percent or an interest rate three percentage points less than a full faith
158.19 and credit obligation of the United States government of comparable maturity, at the
158.20 time that the loan is approved;

158.21 (2) to fund reserve accounts established to secure the payment when due of the
158.22 principal of and interest on bonds issued pursuant to section 298.2211;

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

158.27 (4) to invest in a venture capital fund or enterprise that will provide capital to other
158.28 entities that are engaging in, or that will engage in, projects or programs that have the
158.29 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
158.30 or enterprise unless at least two other unrelated investors make investments of at least
158.31 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas
158.32 J. Johnson economic protection trust fund may not exceed the amount of the largest
158.33 investment by an unrelated investor in the venture capital fund or enterprise. For purposes
158.34 of this subdivision, an "unrelated investor" is a person or entity that is not related to
158.35 the entity in which the investment is made or to any individual who owns more than 40

159.1 percent of the value of the entity, in any of the following relationships: spouse, parent,
 159.2 child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of
 159.3 the value of all interests in it. For purposes of determining the limitations under this
 159.4 clause, the amount of investments made by an investor other than the Douglas J. Johnson
 159.5 economic protection trust fund is the sum of all investments made in the venture capital
 159.6 fund or enterprise during the period beginning one year before the date of the investment
 159.7 by the Douglas J. Johnson economic protection trust fund; and

159.8 (5) to purchase forest land in the taconite assistance area defined in section 273.1341
 159.9 to be held and managed as a public trust for the benefit of the area for the purposes
 159.10 authorized in section 298.22, subdivision 5a. Property purchased under this section may
 159.11 be sold by the commissioner ~~upon approval by~~ after seeking a recommendation from
 159.12 the board. The net proceeds must be deposited in the trust fund for the purposes and
 159.13 uses of this section.

159.14 Money from the trust fund shall be expended only in or for the benefit of the taconite
 159.15 assistance area defined in section 273.1341.

159.16 Sec. 26. Minnesota Statutes 2014, section 298.294, is amended to read:

159.17 **298.294 INVESTMENT OF FUND.**

159.18 (a) The trust fund established by section 298.292 shall be invested pursuant to law
 159.19 by the State Board of Investment and the net interest, dividends, and other earnings arising
 159.20 from the investments shall be transferred, except as provided in paragraph (b), on the first
 159.21 day of each month to the trust and shall be included and become part of the trust fund.
 159.22 The amounts transferred, including the interest, dividends, and other earnings earned
 159.23 prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year
 159.24 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the
 159.25 commissioner of Iron Range resources and rehabilitation for deposit in a separate account
 159.26 for expenditure for the purposes set forth in section 298.292. Amounts appropriated
 159.27 pursuant to this section shall not cancel but shall remain available unless expended.

159.28 (b) For fiscal years 2010 and 2011 only, \$1,500,000 of the net interest, dividends,
 159.29 and other earnings under paragraph (a) shall be transferred to a special account. Funds
 159.30 in the special account are available for loans or grants to businesses, with priority given
 159.31 to businesses with 25 or fewer employees. Funds may be used for wage subsidies for
 159.32 up to 52 weeks of up to \$5 per hour or other activities, including, but not limited to,
 159.33 short-term operating expenses and purchase of equipment and materials by businesses
 159.34 under financial duress, that will create additional jobs in the taconite assistance area

160.1 under section 273.1341. Expenditures from the special account must be approved by the
 160.2 commissioner after seeking a recommendation from the board.

160.3 (c) To qualify for a grant or loan, a business must be currently operating and have
 160.4 been operating for one year immediately prior to its application for a loan or grant, and its
 160.5 corporate headquarters must be located in the taconite assistance area.

160.6 Sec. 27. Minnesota Statutes 2014, section 298.296, subdivision 1, is amended to read:

160.7 Subdivision 1. **Project approval.** (a) The commissioner of Iron Range resources and
 160.8 rehabilitation, after seeking a recommendation from the board and commissioner, shall by
 160.9 August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson
 160.10 economic protection trust with necessary supporting information including description of
 160.11 the projects, plans, and cost estimates. These projects shall be consistent with the priorities
 160.12 established in section 298.292 and shall not be approved by the ~~board~~ commissioner
 160.13 unless ~~it~~ the commissioner, after seeking a recommendation from the board, finds that:

160.14 ~~(a)~~ (1) the project will materially assist, directly or indirectly, the creation of
 160.15 additional long-term employment opportunities;

160.16 ~~(b)~~ (2) the prospective benefits of the expenditure exceed the anticipated costs; and

160.17 ~~(c)~~ (3) in the case of assistance to private enterprise, the project will serve a sound
 160.18 business purpose.

160.19 (b) Each project must be approved by ~~over one-half of all of the members of the~~
 160.20 ~~board and the commissioner of Iron Range resources and rehabilitation~~ after seeking a
 160.21 recommendation from the board for the project. The list of projects shall be submitted to
 160.22 the governor, who shall, by November 15 of each year, approve or disapprove, or return
 160.23 for further consideration, each project. The money for a project may be expended only
 160.24 upon approval of the project by the governor. The ~~board~~ commissioner may submit a
 160.25 supplemental projects project for approval at any time after seeking a recommendation for
 160.26 the project from the board.

160.27 Sec. 28. Minnesota Statutes 2014, section 298.296, subdivision 2, is amended to read:

160.28 Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended
 160.29 on projects and for administration of the trust fund only from the net interest, earnings,
 160.30 and dividends arising from the investment of the trust at any time, including net interest,
 160.31 earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made
 160.32 available for use in fiscal year 1983, except that any amount required to be paid out of the
 160.33 trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article
 160.34 X, section 4, and to make school bond payments and payments to recipients of taconite

161.1 production tax proceeds pursuant to section 298.225, may be taken from the corpus of
161.2 the trust.

161.3 (b) Additionally, upon recommendation by the commissioner after seeking a
161.4 recommendation from the board, up to \$13,000,000 from the corpus of the trust may be
161.5 made available for use as provided in subdivision 4, and up to \$10,000,000 from the
161.6 corpus of the trust may be made available for use as provided in section 298.2961.

161.7 (c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust
161.8 on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts
161.9 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article
161.10 8, section 17, may be expended on projects. Funds may be expended for projects under
161.11 this paragraph only if the project:

161.12 (1) is for the purposes established under section 298.292, subdivision 1, clause
161.13 (1) or (2); and

161.14 (2) is approved by ~~two-thirds of all of the members of~~ the commissioner after
161.15 seeking a recommendation from the board.

161.16 No money made available under this paragraph or paragraph (d) can be used for
161.17 administrative or operating expenses of the Iron Range Resources and Rehabilitation Board
161.18 or expenses relating to any facilities owned or operated by the board on May 18, 2002.

161.19 (d) Upon recommendation by ~~a unanimous vote of all members~~ the commissioner
161.20 after seeking a unanimous recommendation of the board, amounts in addition to those
161.21 authorized under paragraphs (a), (b), and (c) may be expended on projects described in
161.22 section 298.292, subdivision 1.

161.23 (e) Annual administrative costs, not including detailed engineering expenses for the
161.24 projects, shall not exceed five percent of the net interest, dividends, and earnings arising
161.25 from the trust in the preceding fiscal year.

161.26 (f) Principal and interest received in repayment of loans made pursuant to this
161.27 section, and earnings on other investments made under section 298.292, subdivision 2,
161.28 clause (4), shall be deposited in the state treasury and credited to the trust. These receipts
161.29 are appropriated to the board for the purposes of sections 298.291 to 298.298.

161.30 (g) Additionally, notwithstanding section 298.293, upon the approval of the
161.31 commissioner of Iron Range resources and rehabilitation, after seeking a recommendation
161.32 from the board, money from the corpus of the trust may be expended to purchase forest
161.33 lands within the taconite assistance area as provided in sections 298.22, subdivision 5a,
161.34 and 298.292, subdivision 2, clause (5).

161.35 Sec. 29. Minnesota Statutes 2014, section 298.296, subdivision 4, is amended to read:

162.1 Subd. 4. **Temporary loan authority.** (a) After seeking a recommendation from the
 162.2 board, the commissioner of Iron Range resources and rehabilitation may recommend that
 162.3 use up to \$7,500,000 from the corpus of the trust may be used for loans, loan guarantees,
 162.4 grants, or equity investments as provided in this subdivision. The money would be
 162.5 available for loans for construction and equipping of facilities constituting (1) a value
 162.6 added iron products plant, which may be either a new plant or a facility incorporated into
 162.7 an existing plant that produces iron upgraded to a minimum of 75 percent iron content or
 162.8 any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine
 162.9 or minerals processing plant for any mineral subject to the net proceeds tax imposed
 162.10 under section 298.015. A loan or loan guarantee under this paragraph may not exceed
 162.11 \$5,000,000 for any facility.

162.12 (b) Additionally, the ~~board~~ commissioner of Iron Range resources and rehabilitation
 162.13 must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising
 162.14 from the investment of the trust after June 30, 1996, to be used for grants, loans, loan
 162.15 guarantees, or equity investments for the purposes set forth in paragraph (a). This amount
 162.16 must be reserved until it is used as described in this subdivision.

162.17 (c) Additionally, the ~~board~~ commissioner may recommend that up to \$5,500,000
 162.18 from the corpus of the trust may be used for additional grants, loans, loan guarantees, or
 162.19 equity investments for the purposes set forth in paragraph (a).

162.20 (d) The commissioner of Iron Range resources and rehabilitation, after seeking a
 162.21 recommendation from the board, may require that ~~it~~ the board receive an equity percentage
 162.22 in any project to which it contributes under this section.

162.23 Sec. 30. Minnesota Statutes 2014, section 298.2961, subdivision 2, is amended to read:

162.24 Subd. 2. **Projects; approval.** (a) Projects funded must be for:

162.25 (1) environmentally unique reclamation projects; or

162.26 (2) pit or plant repairs, expansions, or modernizations other than for a value added
 162.27 iron products plant.

162.28 (b) ~~To be proposed by the board, a project must be approved by~~ Before the
 162.29 commissioner may propose a project, the commissioner must seek a recommendation
 162.30 from the board. The money for a project may be spent only upon approval of the project
 162.31 by the governor. The ~~board~~ commissioner may submit a supplemental projects project for
 162.32 approval at any time after seeking a recommendation for the project from the board.

162.33 (c) The ~~board~~ commissioner may require that ~~it~~ the board receive an equity
 162.34 percentage in any project to which it contributes under this section.

163.1 Sec. 31. Minnesota Statutes 2014, section 298.2961, subdivision 4, is amended to read:

163.2 Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions
163.3 under section 298.28, subdivision 9b, and to make grants or loans as provided in this
163.4 subdivision. Any grant or loan made under this subdivision must first be approved by
163.5 the commissioner after seeking a recommendation from the board, established under
163.6 section 298.22.

163.7 (b) Distributions received in calendar year 2005 are allocated to the city of Virginia
163.8 for improvements and repairs to the city's steam heating system.

163.9 (c) Distributions received in calendar year 2006 are allocated to a project of the
163.10 public utilities commissions of the cities of Hibbing and Virginia to convert their electrical
163.11 generating plants to the use of biomass products, such as wood.

163.12 (d) Distributions received in calendar year 2007 must be paid to the city of Tower to
163.13 be used for the East Two Rivers project in or near the city of Tower.

163.14 (e) For distributions received in 2008, the first \$2,000,000 of the 2008 distribution
163.15 must be paid to St. Louis County for deposit in its county road and bridge fund to be
163.16 used for relocation of St. Louis County Road 715, commonly referred to as Pike River
163.17 Road. The remainder of the 2008 distribution must be paid to St. Louis County for a
163.18 grant to the city of Virginia for connecting sewer and water lines to the St. Louis County
163.19 maintenance garage on Highway 135, further extending the lines to interconnect with the
163.20 city of Gilbert's sewer and water lines. All distributions received in 2009 and subsequent
163.21 years are allocated for projects under section 298.223, subdivision 1.

163.22 Sec. 32. Minnesota Statutes 2014, section 298.298, is amended to read:

163.23 **298.298 LONG-RANGE PLAN.**

163.24 Consistent with the policy established in sections 298.291 to 298.298, the Iron
163.25 Range Resources and Rehabilitation Board shall prepare and present to the governor and
163.26 the legislature by December 31, 2006, a long-range plan for the use of the Douglas J.
163.27 Johnson economic protection trust fund for the economic development and diversification
163.28 of the taconite assistance area defined in section 273.1341. No project shall be ~~approved~~
163.29 recommended by the Iron Range Resources and Rehabilitation Board ~~which~~ if the board
163.30 finds that the project is not consistent with the goals and objectives established in the
163.31 long-range plan.

163.32 Sec. 33. Minnesota Statutes 2014, section 298.46, subdivision 2, is amended to read:

163.33 Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly
163.34 constituted authorities of a taxing district there are in existence reserves of unmined iron

164.1 ore located in such district, these authorities may petition the commissioner of Iron Range
 164.2 resources and rehabilitation Board for authority to petition the county assessor to verify
 164.3 the existence of such reserves and to ascertain the value thereof by drilling in a manner
 164.4 consistent with established engineering and geological exploration methods, in order that
 164.5 such taxing district may be able to forecast in a proper manner its future economic and
 164.6 fiscal potentials. The commissioner of Iron Range resources and rehabilitation may grant
 164.7 the authority to petition after seeking a recommendation from the Iron Range Resources
 164.8 and Rehabilitation Board.

164.9 Sec. 34. **IRON RANGE RESOURCES AND REHABILITATION BOARD;**
 164.10 **EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

164.11 (a) "Commissioner" as used in this section means the commissioner of the Iron
 164.12 Range Resources and Rehabilitation Board unless otherwise specified.

164.13 (b) Notwithstanding any law to the contrary, the commissioner, in consultation
 164.14 with the commissioner of management and budget, shall offer a targeted early separation
 164.15 incentive program for employees of the commissioner who have attained the age of 60
 164.16 years or who have received credit for at least 30 years of allowable service under the
 164.17 provisions of Minnesota Statutes, chapter 352. The commissioner shall also offer a
 164.18 targeted separation incentive program for employees of the commissioner whose positions
 164.19 are in support of operations at Giants Ridge and will be eliminated if the agency no longer
 164.20 directly manages Giants Ridge operations.

164.21 (c) The early separation incentive program may include one or more of the following:

164.22 (1) employer-paid postseparation health, medical, and dental insurance until age
 164.23 65; and

164.24 (2) cash incentives that may, but are not required to be, used to purchase additional
 164.25 years of service credit through the Minnesota State Retirement System, to the extent that
 164.26 the purchases are otherwise authorized by law.

164.27 (d) The commissioner shall establish eligibility requirements for employees to
 164.28 receive an incentive.

164.29 (e) The commissioner, consistent with the established program provisions under
 164.30 paragraph (b), and with the eligibility requirements under paragraph (f), may designate
 164.31 specific programs or employees as eligible to be offered the incentive program.

164.32 (f) Acceptance of the offered incentive must be voluntary on the part of the
 164.33 employee and must be in writing. The incentive may only be offered at the sole discretion
 164.34 of the commissioner.

165.1 (g) The cost of the incentive is payable solely by funds made available to the
 165.2 commissioner by law, but only on prior approval of the expenditures by the commissioner,
 165.3 after seeking a recommendation from the Iron Range Resources and Rehabilitation Board.

165.4 (h) Unilateral implementation of this section by the commissioner is not an unfair
 165.5 labor practice under Minnesota Statutes, chapter 179A.

165.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.
 165.7 This section is repealed June 30, 2017.

165.8 Sec. 35. **REVISOR'S INSTRUCTION.**

165.9 The revisor of statutes shall identify and propose necessary changes to Minnesota
 165.10 Statutes and Minnesota Rules that are consistent with the goals of this act to (i) transfer
 165.11 discretionary approval authority for all expenditures and projects from the Iron Range
 165.12 Resources and Rehabilitation Board to the commissioner of Iron Range resources and
 165.13 rehabilitation, and (ii) provide that the commissioner must, in good faith, seek the review
 165.14 and recommendation of the board, as required, before exercising approval authority. The
 165.15 revisor shall submit the proposal, in a form ready for introduction, during the 2017 regular
 165.16 legislative session to the chairs and ranking minority members of the senate and house of
 165.17 representatives committees with jurisdiction over taxes.

165.18 **ARTICLE 10**

165.19 **SUSTAINABLE FOREST INCENTIVE ACT MODIFICATIONS**

165.20 Section 1. Minnesota Statutes 2014, section 290C.01, is amended to read:

165.21 **290C.01 PURPOSE.**

165.22 It is the policy of this state to promote sustainable forest resource management on
 165.23 the state's public and private lands. ~~Recognizing that~~ The state's private forests comprise
 165.24 approximately one-half of the state forest land resources, that healthy and robust forest
 165.25 land provides significant benefits to the state of Minnesota, and that ad. These forests
 165.26 play a critical role in protecting water quality and soil resources, and provide extensive
 165.27 wildlife habitat, diverse recreational experiences, and significant forest products that
 165.28 support the state's economy. Ad valorem property taxes represent a significant annual
 165.29 cost that can discourage long-term forest management investments. In order to foster
 165.30 silviculture investments and retain these forests for their economic and ecological benefits,
 165.31 this chapter, hereafter referred to as the "Sustainable Forest Incentive Act," is enacted
 165.32 to encourage the state's private forest landowners to make a long-term commitment to
 165.33 sustainable forest management.

166.1 Sec. 2. Minnesota Statutes 2014, section 290C.02, subdivision 1, is amended to read:

166.2 Subdivision 1. **Application.** When used in sections 290C.01 to ~~290C.11~~ 290C.13,
 166.3 the terms in this section have the meanings given them.

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

166.5 Sec. 3. Minnesota Statutes 2014, section 290C.02, subdivision 3, is amended to read:

166.6 Subd. 3. **Claimant.** (a) "Claimant" means:

166.7 (1) a person, as that term is defined in section 290.01, subdivision 2, who owns
 166.8 forest land in Minnesota and files an application authorized by the Sustainable Forest
 166.9 Incentive Act;

166.10 (2) a purchaser or grantee if property enrolled in the program was sold or transferred
 166.11 after the original application was filed and prior to the annual incentive payment being
 166.12 made; or

166.13 (3) an owner of land previously covered by an auxiliary forest contract that
 166.14 automatically qualifies for inclusion in the Sustainable Forest Incentive Act program
 166.15 pursuant to section 88.49, subdivision 9a, or 88.491, subdivision 2.

166.16 ~~The purchaser or grantee must notify the commissioner in writing of the sale or~~
 166.17 ~~transfer of the property.~~ (b) Owners of land that qualifies for inclusion pursuant to section
 166.18 88.49, subdivision 9a, or 88.491, subdivision 2, must notify the commissioner in writing
 166.19 of the expiration of the auxiliary forest contract or land trade with a governmental unit
 166.20 and submit an application to the commissioner by ~~August 15~~ July 1 in order to be eligible
 166.21 to receive a payment by October 1 of that same year. For purposes of section 290C.11,
 166.22 claimant also includes any person bound by the covenant required in section 290C.04.

166.23 ~~(b)~~ (c) No more than one claimant is entitled to a payment under this chapter with
 166.24 respect to any tract, parcel, or piece of land enrolled under this chapter that has been
 166.25 assigned the same parcel identification number. When enrolled forest land is owned by
 166.26 two or more persons, the owners must determine between them which person is eligible
 166.27 to claim the payments provided under sections 290C.01 to ~~290C.11~~ 209C.13. In the
 166.28 case of property sold or transferred, the former owner and the purchaser or grantee must
 166.29 determine between them which person is eligible to claim the payments provided under
 166.30 sections 290C.01 to ~~290C.11~~ 209C.13. The owners, transferees, or grantees must notify
 166.31 the commissioner in writing which person is eligible to claim the payments.

166.32 **EFFECTIVE DATE.** This section is effective for certifications and applications
 166.33 due in 2017 and thereafter.

167.1 Sec. 4. Minnesota Statutes 2014, section 290C.02, subdivision 6, is amended to read:

167.2 Subd. 6. **Forest land.** "Forest land" means land containing a minimum of 20
 167.3 contiguous acres for which the owner has implemented a forest management plan that was
 167.4 prepared or updated within the past ten years by an approved plan writer. For purposes of
 167.5 this subdivision, acres are considered to be contiguous even if they are separated by a road,
 167.6 waterway, railroad track, or other similar intervening property. At least 50 percent of the
 167.7 contiguous acreage must meet the definition of forest land in section 88.01, subdivision 7.
 167.8 For the purposes of sections 290C.01 to ~~290C.11~~ 209C.13, forest land does not include
 167.9 (i) land used for residential or agricultural purposes, (ii) land enrolled in the reinvest in
 167.10 Minnesota program, a state or federal conservation reserve or easement reserve program
 167.11 under sections 103F.501 to 103F.531, the Minnesota agricultural property tax law under
 167.12 section 273.111, or land subject to agricultural land preservation controls or restrictions
 167.13 as defined in section 40A.02 or under the Metropolitan Agricultural Preserves Act under
 167.14 chapter 473H, (iii) ~~land exceeding 60,000 acres that is subject to a single conservation~~
 167.15 ~~easement funded under section 97A.056 or a comparable permanent easement conveyed~~
 167.16 ~~to a governmental or nonprofit entity;~~ (iv) any land that becomes subject to a conservation
 167.17 easement funded under section 97A.056 or a comparable permanent easement conveyed
 167.18 to a governmental or nonprofit entity after May 30, 2013; or ~~(v)~~ (iv) land improved with a
 167.19 structure; pavement, other than a paved trail under easement, lease, or terminable license
 167.20 to the state of Minnesota or a political subdivision; sewer; campsite; or any road, other
 167.21 than a township road, used for purposes not prescribed in the forest management plan.

167.22 **EFFECTIVE DATE.** This section is effective for applications made in 2017 and
 167.23 thereafter.

167.24 Sec. 5. Minnesota Statutes 2014, section 290C.03, is amended to read:

167.25 **290C.03 ELIGIBILITY REQUIREMENTS.**

167.26 (a) Land may be enrolled in the sustainable forest incentive program under this
 167.27 chapter if all of the following conditions are met:

167.28 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the
 167.29 land must meet the definition of forest land in section 88.01, subdivision 7, during the
 167.30 enrollment;

167.31 (2) a forest management plan for the land must be prepared by an approved plan
 167.32 writer and implemented during the period in which the land is enrolled;

168.1 (3) timber harvesting and forest management guidelines must be used in conjunction
 168.2 with any timber harvesting or forest management activities conducted on the land during
 168.3 the period in which the land is enrolled;

168.4 (4) the land must be enrolled for a minimum of eight years;

168.5 (5) there are no delinquent property taxes on the land; ~~and~~

168.6 (6) claimants enrolling more than 1,920 acres or enrolling any land that is subject
 168.7 to a conservation easement funded under section 97A.056, or a comparable permanent
 168.8 easement conveyed to a governmental or nonprofit entity in the sustainable forest incentive
 168.9 program must allow year-round, nonmotorized access to fish and wildlife resources and
 168.10 motorized access on established and maintained roads and trails, unless the road or trail is
 168.11 temporarily closed for safety, natural resource, or road damage reasons on enrolled land
 168.12 except within one-fourth mile of a permanent dwelling or during periods of high fire
 168.13 hazard as determined by the commissioner of natural resources;

168.14 (7) the claimant has registered the forest management plan under clause (2) with the
 168.15 commissioner of natural resources, who has determined that the land meets qualifications
 168.16 for enrollment; and

168.17 (8) the land is not classified as class 2c managed forest land.

168.18 (b) Claimants required to allow access under paragraph (a), clause (6), do not by
 168.19 that action:

168.20 (1) extend any assurance that the land is safe for any purpose;

168.21 (2) confer upon the person the legal status of an invitee or licensee to whom a duty
 168.22 of care is owed; or

168.23 (3) assume responsibility for or incur liability for any injury to the person or property
 168.24 caused by an act or omission of the person.

168.25 (c) The commissioner of natural resources shall annually provide county assessors
 168.26 verification information regarding plan registration under paragraph (a), clause (7), on
 168.27 a timely basis.

168.28 (d) A minimum of three acres must be excluded from enrolled land when the land is
 168.29 improved with a structure that is not a minor, ancillary, and nonresidential structure.

168.30 (e) If land does not meet the definition of forest land in section 290C.02, subdivision
 168.31 6, because the land is:

168.32 (1) enrolled in a state or federal conservation reserve or easement program under
 168.33 sections 103F.501 to 103F.531;

168.34 (2) subject to the Minnesota agricultural property tax under section 273.111; or

169.1 (3) subject to agricultural land preservation controls or restrictions as defined in
 169.2 section 40A.02, or the Metropolitan Agricultural Preserves Act under chapter 473H, the
 169.3 entire tax parcel that contains the land is not eligible to be enrolled in the program.

169.4 **EFFECTIVE DATE.** This section is effective for certifications and applications
 169.5 due in 2017 and thereafter.

169.6 Sec. 6. Minnesota Statutes 2014, section 290C.04, is amended to read:

169.7 **290C.04 APPLICATIONS.**

169.8 (a) A landowner may apply to enroll forest land for the sustainable forest incentive
 169.9 program under this chapter. The claimant must complete, sign, and submit an application
 169.10 to the commissioner by September 30 in order for the land to become eligible beginning
 169.11 in the next year. The application shall be on a form prescribed by the ~~commissioner~~
 169.12 commissioners of revenue and natural resources and must include the information the
 169.13 commissioner deems necessary. At a minimum, the application must show the following
 169.14 information for the land and the claimant: (i) the claimant's Social Security number or
 169.15 state or federal business tax registration number and date of birth, (ii) the claimant's
 169.16 address, (iii) the claimant's signature, (iv) the county's parcel identification numbers for
 169.17 the tax parcels that completely contain the claimant's forest land that is sought to be
 169.18 enrolled, (v) the number of acres eligible for enrollment in the program, (vi) the approved
 169.19 plan writer's signature and identification number, ~~and~~ (vii) proof, in a form specified by the
 169.20 commissioner, that the claimant has executed and acknowledged in the manner required
 169.21 by law for a deed, and recorded, a covenant that the land is not and shall not be developed
 169.22 in a manner inconsistent with the requirements and conditions of this chapter, and (viii) a
 169.23 registration number for the forest management plan, issued by the commissioner of natural
 169.24 resources. The covenant shall state in writing that the covenant is binding on the claimant
 169.25 and the claimant's successor or assignee, and that it runs with the land for a period of not
 169.26 less than eight years unless the claimant requests termination of the covenant after a
 169.27 reduction in payments due to changes in the payment formula under section 290C.07 or as
 169.28 a result of executive action, the amount of payment a claimant is eligible to receive under
 169.29 section 290C.07 is reduced or limited. The commissioner shall specify the form of the
 169.30 covenant and provide copies upon request. The covenant must include a legal description
 169.31 that encompasses all the forest land that the claimant wishes to enroll under this section or
 169.32 the certificate of title number for that land if it is registered land. The commissioner of
 169.33 natural resources shall record the area eligible for enrollment into the Sustainable Forest
 169.34 Incentive Act as electronic geospatial data, as defined in section 16E.30, subdivision 10.

170.1 (b) The commissioner shall provide a copy of the application filed by the claimant
 170.2 and all supporting materials to the commissioner of natural resources within 15 days of
 170.3 receipt or by September 1, whichever is sooner. The commissioner of natural resources
 170.4 must notify the commissioner whether the applicant qualifies for enrollment within 30
 170.5 days of receipt, and if the applicant qualifies for enrollment, the commissioner of natural
 170.6 resources shall specify the number of qualifying acres per tax parcel.

170.7 ~~(b) In all cases,~~ (c) The commissioner shall notify the claimant within 90 days after
 170.8 receipt of a completed application that either the land has or has not been approved for
 170.9 enrollment. A claimant whose application is denied may appeal the denial as provided
 170.10 in section 290C.13.

170.11 ~~(e)~~ (d) Within 90 days after the denial of an application, or within 90 days after the
 170.12 final resolution of any appeal related to the denial, the commissioner shall execute and
 170.13 acknowledge a document releasing the land from the covenant required under this chapter.
 170.14 The document must be mailed to the claimant and is entitled to be recorded.

170.15 ~~(d)~~ (e) The Social Security numbers collected from individuals under this section are
 170.16 private data as provided in section 13.355. The federal business tax registration number
 170.17 and date of birth data collected under this section are also private data on individuals or
 170.18 nonpublic data, as defined in section 13.02, subdivisions 9 and 12, but may be shared
 170.19 with county assessors for purposes of tax administration and with county treasurers for
 170.20 purposes of the revenue recapture under chapter 270A.

170.21 **EFFECTIVE DATE.** This section is effective for certifications and applications
 170.22 due in 2017 and thereafter.

170.23 Sec. 7. Minnesota Statutes 2014, section 290C.05, is amended to read:

170.24 **290C.05 ANNUAL CERTIFICATION AND MONITORING.**

170.25 (a) On or before July 1 May 15 of each year, beginning with the year after the
 170.26 original claimant has received an approved application, the commissioner shall send each
 170.27 claimant enrolled under the sustainable forest incentive program a certification form. For
 170.28 purposes of this section, the original claimant is the ~~person that filed the first application~~
 170.29 ~~under section 290C.04 to enroll the land in the program~~ current property owner on record,
 170.30 or the person designated by the owners in the case of multiple ownership. The claimant
 170.31 must sign and return the certification, ~~attesting to the commissioner by July 1 of that~~
 170.32 same year, and (1) attest that the requirements and conditions for continued enrollment
 170.33 in the program are currently being met, and ~~must return the signed certification form to~~
 170.34 ~~the commissioner by August 15 of that same year~~ (2) provide a report in the form and

171.1 manner determined by the commissioner of natural resources describing the management
 171.2 practices that have been carried out on the enrolled property during the prior year. If the
 171.3 claimant does not return an annual certification form by the due date, the provisions
 171.4 in section 290C.11 apply. The commissioner of natural resources must verify that the
 171.5 claimant meets program requirements.

171.6 (b) The commissioner must provide the certification form and annual report described
 171.7 in paragraph (a), clause (2), to the commissioner of natural resources by August 1.

171.8 (c) The commissioner of natural resources must conduct annual monitoring
 171.9 of a subset of claimants, excluding land also enrolled in a conservation easement
 171.10 program. Claimants will be selected for monitoring based on reported violations, annual
 171.11 certification, and random selections. Monitoring will be conducted on ten percent of
 171.12 claimants as of July 1 of each year. Monitoring may include, but is not limited to, a site
 171.13 visit by a Department of Natural Resources or contracted forester. The commissioner of
 171.14 natural resources must develop a monitoring form to record the monitoring data.

171.15 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective for certifications and
 171.16 applications due in 2017 and thereafter. Paragraph (c) is effective July 1, 2019.

171.17 Sec. 8. Minnesota Statutes 2014, section 290C.055, is amended to read:

171.18 **290C.055 LENGTH OF COVENANT.**

171.19 (a) The covenant remains in effect for a minimum of eight years. Claimants enrolling
 171.20 any land that is subject to a conservation easement funded under section 97A.056 or a
 171.21 comparable permanent easement conveyed to a governmental or nonprofit entity must
 171.22 enroll their land under a covenant with a minimum duration of eight years. All other
 171.23 claimants may choose to enroll their land under a covenant with a minimum duration of
 171.24 eight, 20, or 50 years. If land is removed the claimant requests removal of land from the
 171.25 program before it has been enrolled for four years one-half the number of years of the
 171.26 covenant's duration, the covenant remains in effect for eight years the entire duration
 171.27 of the covenant from the date recorded.

171.28 (b) If land that has been enrolled for four years one-half the number of years of the
 171.29 covenant's minimum duration or more is removed from the program for any reason, there
 171.30 is a waiting period before the covenant terminates. The covenant terminates on January 1
 171.31 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year minimum covenant,
 171.32 respectively, that begins after the date that:

171.33 (1) the commissioner receives notification from the claimant that the claimant wishes
 171.34 to remove the land from the program under section 290C.10; or

172.1 (2) the date that the land is removed from the program under section 290C.11.

172.2 (c) Notwithstanding the other provisions of this section, the covenant is terminated:

172.3 (1) at the same time that the land is removed from the program due to acquisition of
172.4 title or possession for a public purpose under section 290C.10; or

172.5 (2) at the request of the claimant ~~after~~ (i) if there is a reduction in payments due to
172.6 changes in the payment formula under section 290C.07; or (ii) if, as a result of executive
172.7 action, the amount of payment a claimant is eligible to receive under section 290C.07 is
172.8 reduced or limited.

172.9 **EFFECTIVE DATE.** This section is effective for certifications and applications in
172.10 2017 and thereafter.

172.11 Sec. 9. Minnesota Statutes 2014, section 290C.07, is amended to read:

172.12 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

172.13 (a) An approved claimant under the sustainable forest incentive program is eligible
172.14 to receive an annual payment for each acre of enrolled land, excluding any acre improved
172.15 with a paved trail under easement, lease, or terminable license to the state of Minnesota or
172.16 a political subdivision. The payment shall equal \$7 per acre for each acre enrolled in the
172.17 sustainable forest incentive program. a percentage of the property tax that would be paid
172.18 on the land determined by using the previous year's statewide average total tax rate for all
172.19 taxes levied within townships and unorganized territories, the estimated market value per
172.20 acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for
172.21 claimants enrolling land that is subject to a conservation easement funded under section
172.22 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit
172.23 entity before May 31, 2013, 25 percent; (2) for claimants enrolling land that is not subject
172.24 to a conservation easement under an eight-year covenant, 65 percent; (3) for claimants
172.25 enrolling land that is not subject to a conservation easement under a 20-year covenant, 90
172.26 percent; and (4) for claimants enrolling land that is not subject to a conservation easement
172.27 under a 50-year covenant, 115 percent.

172.28 (b) The calculated payment shall not be less than the payment received in 2016 and
172.29 shall not increase or decrease by more than ten percent relative to the payment received
172.30 for the previous year.

172.31 (c) In addition to the payments provided under this section, a claimant enrolling
172.32 more than 1,920 acres shall be allowed an additional payment per acre equal to the
172.33 amount prescribed in paragraph (a), clause (1), for all acres of enrolled land on which
172.34 public access is allowed, as required under section 290C.03, paragraph (a), clause (6),

173.1 excluding any land subject to a conservation easement funded under section 97A.056, or a
 173.2 permanent easement conveyed to a governmental or nonprofit entity that is required to
 173.3 allow for public access under section 290C.03, paragraph (a), clause (6).

173.4 **EFFECTIVE DATE.** This section is effective for calculations made in 2017 and
 173.5 thereafter.

173.6 Sec. 10. Minnesota Statutes 2014, section 290C.08, subdivision 1, is amended to read:

173.7 Subdivision 1. **Annual payment.** An incentive payment for each acre of enrolled
 173.8 land will be made annually to each claimant in the amount determined under section
 173.9 290C.07. By September 15 of each year, the commissioner of natural resources will
 173.10 certify to the commissioner the eligibility of each claimant to receive a payment. The
 173.11 incentive payment shall be paid by the commissioner on or before October 1 each year
 173.12 based on the certifications due ~~August 15~~ July 1 of that year. Interest at the annual rate
 173.13 determined under section 270C.40 shall be included with any incentive payment not
 173.14 paid by the later of October 1 of the year the certification was due, or 45 days after the
 173.15 completed certification was returned or filed if the commissioner accepts a certification
 173.16 filed after ~~August 15~~ July 1 of the taxes payable year as the resolution of an appeal.

173.17 **EFFECTIVE DATE.** This section is effective for certifications and applications
 173.18 due in 2017 and thereafter.

173.19 Sec. 11. Minnesota Statutes 2014, section 290C.10, is amended to read:

173.20 **290C.10 WITHDRAWAL PROCEDURES.**

173.21 ~~An approved claimant~~ (a) The current owner of land enrolled under the sustainable
 173.22 forest incentive program for a minimum of ~~four years~~ one-half the number of years
 173.23 of the covenant's minimum duration may notify the commissioner of the intent to
 173.24 terminate enrollment. Within 90 days of receipt of notice to terminate enrollment, the
 173.25 commissioner shall inform the claimant in writing, acknowledging receipt of this notice
 173.26 and indicating the effective date of termination from the sustainable forest incentive
 173.27 program. Termination of enrollment in the sustainable forest incentive program occurs on
 173.28 January 1 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year respective
 173.29 minimum covenant that begins after receipt by the commissioner of the termination
 173.30 notice. After the commissioner issues an effective date of termination, a claimant wishing
 173.31 to continue the land's enrollment in the sustainable forest incentive program beyond the
 173.32 termination date must apply for enrollment as prescribed in section 290C.04. A claimant
 173.33 who withdraws a parcel of land from this program may not reenroll the parcel for a period

174.1 of three years. Within 90 days after the termination date, the commissioner shall execute
 174.2 and acknowledge a document releasing the land from the covenant required under this
 174.3 chapter. The document must be mailed to the claimant and is entitled to be recorded.

174.4 (b) Notwithstanding paragraph (a), on request of the claimant, the commissioner may
 174.5 allow early withdrawal from the Sustainable Forest Incentive Act without penalty when the
 174.6 state of Minnesota, any local government unit, or any other entity which has the power of
 174.7 eminent domain acquires title or possession to the land for a public purpose ~~notwithstanding~~
 174.8 the provisions of this section. In the case of such an eligible acquisition under this
 174.9 paragraph, the commissioner shall execute and acknowledge a document releasing the
 174.10 land acquired by the state, local government unit, or other entity from the covenant.

174.11 (c) Notwithstanding paragraph (a), upon request of the claimant, the commissioner
 174.12 shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty
 174.13 when a government or nonprofit entity acquires a permanent conservation easement on the
 174.14 enrolled property and the conservation easement is at least as restrictive as the covenant
 174.15 required under section 290C.04. The commissioner of natural resources must notify the
 174.16 commissioner of lands acquired under this paragraph that are eligible for withdrawal.
 174.17 In the case of an eligible easement acquisition under this paragraph, the commissioner
 174.18 shall execute and acknowledge a document releasing the land subject to the easement
 174.19 from the covenant.

174.20 (d) Notwithstanding paragraph (a), upon request of the claimant, the commissioner
 174.21 shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty for
 174.22 land that is subject to fee or easement acquisition or lease to the state of Minnesota or a
 174.23 political subdivision of the state for the public purpose of a paved trail. The commissioner
 174.24 of natural resources must notify the commissioner of lands acquired under this paragraph
 174.25 that are eligible for withdrawal. In the case of an eligible fee or easement acquisition or
 174.26 lease under this paragraph, the commissioner shall execute and acknowledge a document
 174.27 releasing the land subject to fee or easement acquisition or lease by the state or political
 174.28 subdivision of the state.

174.29 (e) All other enrolled land must remain in the program.

174.30 **EFFECTIVE DATE.** The amendments to paragraphs (c) and (d) are effective
 174.31 the day following final enactment. The amendments to paragraphs (a), (b), and (e) are
 174.32 effective for notifications made in 2017 and thereafter.

174.33 **Sec. 12. [290C.101] TRANSFER OF OWNERSHIP.**

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

175.1 (b) "New owner" means a prospective purchaser or grantee.

175.2 (c) "Owner" means a grantor or seller.

175.3 Subd. 2. **Notification to commissioner.** (a) An owner must notify the commissioner
 175.4 if the owner transfers any or all of the owner's land enrolled in the sustainable forest
 175.5 incentive program to one or more new owners within 60 days of the transfer of title to the
 175.6 property. The notification must include the legal descriptions of the transferred property,
 175.7 the tax parcel numbers, and the name and address of the new owner. If transfer of ownership
 175.8 is a result of the death of the claimant, the provisions of section 290C.12 shall apply.

175.9 (b) Upon notification, the commissioner shall inform the new owner of the
 175.10 restrictions of the covenant required by section 290C.04 and the withdrawal procedures
 175.11 under section 290C.10. In order for the new owner to receive payments pursuant to this
 175.12 chapter, the new owner must file an application and register a new forest management plan
 175.13 with the commissioner of natural resources within two years from the date the title of the
 175.14 property was transferred to remain eligible.

175.15 Subd. 3. **Termination of enrollment.** The commissioner will terminate enrollment
 175.16 according to the procedure in section 290C.10 for failure of the new owner to register a
 175.17 forest management plan within the time period in subdivision 2, paragraph (b).

175.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

175.19 Sec. 13. Minnesota Statutes 2014, section 290C.11, is amended to read:

175.20 **290C.11 PENALTIES FOR REMOVAL.**

175.21 (a) If the commissioner determines that land enrolled in the sustainable forest
 175.22 incentive program is in violation of the conditions for enrollment as specified in section
 175.23 290C.03, or upon notification by the commissioner of natural resources that land enrolled
 175.24 is in violation of the conditions for enrollment, the commissioner shall notify the ~~claimant~~
 175.25 current owner of the land of the intent to remove ~~all~~ the tax parcel of the enrolled land
 175.26 where the violation has occurred from the sustainable forest incentive program. The
 175.27 penalties described under paragraph (c) apply. ~~The claimant~~ current owner has 60 days to
 175.28 appeal this determination under the provisions of section 290C.13.

175.29 (b) If the commissioner determines the land is to be removed from the sustainable
 175.30 forest incentive program due to the construction or addition of an improvement to the
 175.31 property, the ~~claimant~~ owner of the tax parcel that is in violation is liable for payment
 175.32 to the commissioner in the amount equal to: (1) the payments received issued related to
 175.33 the enrolled tax parcel under this chapter for the previous four-year period in the case of
 175.34 an eight-year minimum covenant, ten-year period in the case of a 20-year minimum

176.1 covenant, or 25-year period in the case of a 50-year minimum covenant, plus interest; and
 176.2 (2) 25 percent of the estimated market value of the property as reclassified under section
 176.3 273.13 due to the structure being on the tax parcel, as determined by the assessor.

176.4 (c) If the commissioner of natural resources determines that the land is used for
 176.5 purposes other than forestry purposes, the commissioner of natural resources shall notify
 176.6 the commissioner of revenue, who shall notify the current owner of the tax parcel that is in
 176.7 violation that the current owner is liable to the commissioner in an amount equal to: (1) 30
 176.8 percent of the estimated market value as property reclassified under section 273.13, due
 176.9 to the change in use, as determined by the assessor; and (2) the payments issued related
 176.10 to the enrolled tax parcel under this chapter for the previous four-year period in the case
 176.11 of an eight-year covenant, ten-year period in the case of a 20-year covenant, or 25-year
 176.12 period in the case of a 50-year covenant, plus interest.

176.13 (d) The claimant has 90 days to satisfy the payment for removal of land from the
 176.14 sustainable forest incentive program under this section. If the penalty is not paid within
 176.15 the 90-day period under this paragraph, the commissioner shall certify the amount to the
 176.16 county auditor for collection as a part of the general ad valorem real property taxes on the
 176.17 land in the following taxes payable year.

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

176.19 Sec. 14. Minnesota Statutes 2014, section 290C.13, subdivision 6, is amended to read:

176.20 Subd. 6. **Determination of appeal.** On the basis of applicable law and available
 176.21 information, the commissioner shall determine the validity, if any, in whole or in part,
 176.22 of the appeal and notify the claimant of the decision. This notice must be in writing
 176.23 and contain the basis for the determination. The commissioner shall consult with the
 176.24 commissioner of natural resources when an appeal relates to the use of the property for
 176.25 forestry or nonforestry purposes and for appeals related to forest management plans.

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

176.27 Sec. 15. **SUSTAINABLE FOREST INCENTIVE ACT; TRANSITION**
 176.28 **PROVISION.**

176.29 (a) For lands enrolled in the Sustainable Forest Incentive Act on May 15, 2016, the
 176.30 owner of enrolled lands may elect through May 15, 2018, and without penalty, to change
 176.31 the length of a covenant, if eligible, under Minnesota Statutes, section 290C.055. The
 176.32 owner of enrolled land must provide notice to the Department of Revenue of its intent to
 176.33 change the length of its covenant.

177.1 (b) For lands enrolled in the Sustainable Forest Incentive Act on May 15, 2016, the
 177.2 owner of enrolled land must comply with the changes made in the act by certifications due
 177.3 in 2018, as required under Minnesota Statutes, section 290C.05.

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

177.5 Sec. 16. **ADMINISTRATIVE APPROPRIATION.**

177.6 \$600,000 in fiscal year 2017 is appropriated from the general fund to the
 177.7 commissioner of natural resources for administering this article. The funding base for
 177.8 administering this article in fiscal year 2018 and thereafter is \$600,000.

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

177.10 Sec. 17. **REPEALER.**

177.11 Minnesota Statutes 2014, section 290C.02, subdivisions 5 and 9, are repealed.

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

177.13 **ARTICLE 11**

177.14 **MISCELLANEOUS**

177.15 Section 1. Minnesota Statutes 2015 Supplement, section 16A.152, subdivision 2,
 177.16 is amended to read:

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

177.22 (1) the cash flow account established in subdivision 1 until that account reaches
 177.23 \$350,000,000;

177.24 (2) the budget reserve account established in subdivision 1a until that account
 177.25 reaches ~~\$810,992,000~~ \$1,596,522,000;

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

177.30 (4) the amount necessary to restore all or a portion of the net aid reductions under
 177.31 section 127A.441 and to reduce the property tax revenue recognition shift under section
 177.32 123B.75, subdivision 5, by the same amount;.

178.1 ~~(5) the closed landfill investment fund established in section 115B.421 until~~
 178.2 ~~\$63,215,000 has been transferred into the account. This clause expires after the entire~~
 178.3 ~~amount of the transfer has been made; and~~

178.4 ~~(6) the metropolitan landfill contingency action trust account established in section~~
 178.5 ~~473.845 until \$8,100,000 has been transferred into the account. This clause expires after~~
 178.6 ~~the entire amount of the transfer has been made.~~

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

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

178.16 **EFFECTIVE DATE.** This section is effective July 1, 2016.

178.17 Sec. 2. **[116J.952] NEW MARKETS GRANT PROGRAM.**

178.18 **Subdivision 1. Grant program established.** The commissioner shall award new
 178.19 markets grants for qualified low-income community investments as specified under this
 178.20 section. The commissioner shall adopt rules to establish criteria for determining grant
 178.21 eligibility.

178.22 **Subd. 2. Definitions.** (a) For purposes of this section, the following terms have
 178.23 the meanings given.

178.24 (b) "Applicant" means a qualified community development entity as defined in
 178.25 paragraph (h).

178.26 (c) "Commissioner" means the commissioner of employment and economic
 178.27 development.

178.28 (d) "Greater Minnesota" means the area of the state that excludes the metropolitan
 178.29 area, as defined in section 473.121, subdivision 2.

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

178.31 (f) "Qualified active low-income community business" has the meaning given in
 178.32 section 45D of the Internal Revenue Code. The term does not include:

178.33 (1) any trade or business engaged in insurance, banking, lending, lobbying, political
 178.34 consulting, or leisure; or

179.1 (2) any trade or business activity consisting of the operation of any private or
 179.2 commercial golf course, country club, suntan facility, hot tub facility, massage parlor, race
 179.3 track, or other facility used for gambling, or any store the principal business of which is
 179.4 the sale of alcoholic beverages for consumption off premises.

179.5 (g) "Low-income communities" as defined in section 45D of the Internal Revenue
 179.6 Code and applied to any term or requirement used in this section or an incorporated
 179.7 provision of federal law includes the area of any home rule charter or statutory city that:

179.8 (1) is located in greater Minnesota;

179.9 (2) has a population, as defined in section 477A.011, subdivision 3, of 500 or
 179.10 more; and

179.11 (3) has net tax capacity of property, classified as class 3 under section 273.13, of
 179.12 less than \$500 per capita for property taxes assessed in 2015, payable in 2016, including
 179.13 the city's distribution net tax capacity and excluding its contribution net tax capacity
 179.14 under chapter 276A.

179.15 (h) "Qualified community development entity" has the meaning given in section
 179.16 45D of the Internal Revenue Code, provided that the entity has direct lending experience
 179.17 servicing businesses in disadvantaged communities in the state and a primary mission of
 179.18 economic development.

179.19 (i) "Qualified low-income community investment" means any capital or equity
 179.20 investment in, or loan to, any qualified active low-income community business.

179.21 Subd. 3. **Grant awards.** The commissioner shall award grants to qualified
 179.22 community development entities based on a competitive review of applications received
 179.23 by the commissioner using criteria established in subdivision 4.

179.24 Subd. 4. **Application.** (a) The commissioner shall develop an application form
 179.25 requiring information necessary to evaluate the benefits to Minnesota from awarding
 179.26 the grants.

179.27 (b) Prior to awarding grants to an applicant under this subdivision, the commissioner
 179.28 shall consider the following:

179.29 (1) whether the qualified community development entity has demonstrated
 179.30 experience providing capital or technical assistance to disadvantaged businesses or
 179.31 communities in the state;

179.32 (2) the extent to which an applicant demonstrates direct experience in asset and risk
 179.33 management and in fulfilling government compliance requirements;

179.34 (3) the extent to which an applicant demonstrates a capitalization strategy that
 179.35 ensures that the economic benefit of the grant allocation remains in the state;

180.1 (4) the extent to which the applicant establishes standards for wages and benefits
 180.2 exceeding federal poverty guidelines and includes a means by which to monitor and
 180.3 measure ongoing compliance with those standards;

180.4 (5) the financial contributions expected to be made to the project from nonstate
 180.5 sources; and

180.6 (6) any other criteria the commissioner deems necessary.

180.7 **Subd. 5. Annual reporting by community development entities.** A community
 180.8 development entity that has been awarded a grant must submit an annual report to the
 180.9 commissioner within 180 days after the end of the fiscal year. The report must include
 180.10 information on investments made in the preceding year, including but not limited to the
 180.11 following:

180.12 (1) the types of industries, identified by the North American Industry Classification
 180.13 System Code, in which a qualified low-income community investment was made;

180.14 (2) the names of the counties in which the qualified active low-income community
 180.15 businesses are located which received qualified low-income community investments;

180.16 (3) the number of jobs created and retained by qualified active low-income
 180.17 community businesses receiving qualified low-income community investments, including
 180.18 verification that the average wages and benefits paid to full-time employees, based on an
 180.19 hourly wage for a 40-hour work week, meet or exceed 105 percent of the federal poverty
 180.20 income guidelines for a family of four; and

180.21 (4) other information and documentation required by the commissioner to verify
 180.22 continued certification as a qualified community development entity under United States
 180.23 Code, title 26, section 45D.

180.24 **Subd. 6. Application fees; fund created.** The qualified community development
 180.25 entity must submit a nonrefundable application fee at the time the application is submitted
 180.26 equal to the amount published in the Minnesota new markets grant program application.
 180.27 The commissioner may allow up to 25 percent of the fee to be submitted up to 180 days
 180.28 following the grant award and up to 25 percent of the fee to be submitted up to 270 days
 180.29 following the grant award. Application fees are deposited in the new markets grant
 180.30 program administration account in the special revenue fund.

180.31 **Subd. 7. Administrative fees.** Upon the issuance of a qualified low-income
 180.32 community investment by a qualified community development entity, an administrative
 180.33 fee in an amount determined by the commissioner and published in the grant agreement
 180.34 must be deposited in the new markets grant program administration account in the special
 180.35 revenue fund.

181.1 Subd. 8. **Administrative expenses.** Amounts in the new markets grant program
 181.2 administration account are appropriated annually to the commissioner for administrative
 181.3 expenses related to administering the new markets grant program in this section.

181.4 Subd. 9. **Annual report.** The commissioner shall annually by January 15, 2018
 181.5 through 2023, report to the chairs and ranking minority members of the legislative
 181.6 committees on economic development on the implementation of the grant program,
 181.7 including an evaluation of the success and economic impact of the program in the state.
 181.8 The report must include:

181.9 (1) the number of women-owned and minority-owned businesses assisted by the
 181.10 grants;

181.11 (2) the number of greater Minnesota-located businesses assisted by the grants and
 181.12 the amount of that assistance;

181.13 (3) the number of metropolitan area-located businesses assisted by the grants and the
 181.14 amount of that assistance;

181.15 (4) the number of jobs created by the grants including the number of women and
 181.16 minorities obtaining jobs; and

181.17 (5) the number of jobs created by the grants located in greater Minnesota and in the
 181.18 metropolitan area.

181.19 Subd. 10. **Expiration.** This section expires the earlier of July 1, 2024, or when the
 181.20 last of the grant funds have been awarded. The commissioner must issue the rules for the
 181.21 implementation of this section to allow commencement of grant awards by January 1, 2017.

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

181.23 Sec. 3. **[270C.22] TAX TIME SAVINGS GRANT PROGRAM.**

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

181.26 (b) "Financial capability services" means any of the following:

181.27 (1) assistance with opening a savings or transactional account that meets the Federal
 181.28 Deposit Insurance Corporation's model safe accounts template standards;

181.29 (2) assistance with depositing all or part of a tax refund into a savings or transactional
 181.30 account;

181.31 (3) assistance with obtaining and reviewing a consumer report or credit score, as
 181.32 those terms are defined in United States Code, title 15, section 1681a;

181.33 (4) assistance with obtaining and reviewing a banking history report;

181.34 (5) financial coaching, or referral to financial coaching services, as provided in
 181.35 section 256E.35, subdivision 4a;

182.1 (6) National Foundation for Credit Counseling certified consumer credit and debt
 182.2 counseling or referral to these services;

182.3 (7) enrollment in a matched or incentivized savings program, including the provision
 182.4 of matching or incentive funds;

182.5 (8) assistance with purchasing federal retirement savings bonds, as described in
 182.6 Code of Federal Regulations, title 31, part 347, or referral to a certified financial planner,
 182.7 registered investment adviser, licensed insurance producer or agent, or a registered
 182.8 securities broker-dealer representative for private sector retirement options; or

182.9 (9) assistance with purchasing a Series I United States Savings Bond with all or
 182.10 part of a tax refund.

182.11 (c) "Transactional account" means a traditional demand deposit account or a general
 182.12 purpose reloadable prepaid card offered by a bank or credit union.

182.13 (d) "TCE" means the Tax Counseling for the Elderly program established by the
 182.14 Internal Revenue Service.

182.15 (e) "VITA" means the Volunteer Income Tax Assistance program established by the
 182.16 Internal Revenue Service.

182.17 Subd. 2. **Creation.** The commissioner of revenue shall establish a tax time
 182.18 savings grant program to make grants to one or more nonprofit organizations to fund the
 182.19 integration of financial capability services into the delivery of taxpayer assistance services
 182.20 funded by grants under section 270C.21.

182.21 Subd. 3. **Qualified applicant.** To be eligible to receive a grant under the tax time
 182.22 savings grant program, an applicant must:

182.23 (1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered
 182.24 with the Internal Revenue Service as part of either the VITA or TCE programs; and

182.25 (2) commit to dedicate at least one staff or volunteer position to coordinate financial
 182.26 capability services at a VITA or TCE program site and to offer VITA or TCE program
 182.27 participants free assistance with the initiation through completion of:

182.28 (i) opening a savings and a transactional account that meet the Federal Deposit
 182.29 Insurance Corporation's model safe accounts template standards;

182.30 (ii) depositing all or part of a tax refund into a savings or transactional account; and

182.31 (iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

182.32 Subd. 4. **Conflict of interest.** (a) No applicant may receive direct compensation
 182.33 from a bank, credit union, other financial services provider, or vendor in exchange for the
 182.34 applicant offering to program participants the products or services of that bank, credit
 182.35 union, other financial services provider, or vendor.

183.1 (b) No applicant may receive funding from a bank, credit union, other financial
 183.2 services provider, or vendor that is contingent on the applicant offering products or
 183.3 services of that bank, credit union, other financial services provider, or vendor to program
 183.4 participants.

183.5 (c) An applicant may receive funding from a bank, credit union, other financial
 183.6 services provider, or vendor that is not in exchange for or contingent upon the applicant
 183.7 offering products or services of that bank, credit union, other financial services provider,
 183.8 or vendor to program participants.

183.9 Subd. 5. Permitted use of grant funds. (a) A grant recipient may use grant funds
 183.10 to dedicate a staff or volunteer position to coordinate financial capability services at a
 183.11 VITA or TCE site and to offer VITA or TCE program participants free assistance with the
 183.12 initiation through completion of:

183.13 (1) opening a savings and a transactional account that meet the Federal Deposit
 183.14 Insurance Corporation's model safe accounts template standards;

183.15 (2) depositing all or part of a tax refund into a savings or transactional account; and

183.16 (3) purchasing a Series I United States Savings Bond with all or part of a tax refund.

183.17 (b) A grant recipient who offers all of the financial capability services enumerated
 183.18 in paragraph (a) may also use grant funds to provide one or more additional financial
 183.19 capability services to VITA or TCE program participants at no cost to the participant.

183.20 Sec. 4. Minnesota Statutes 2014, section 271.08, subdivision 1, is amended to read:

183.21 Subdivision 1. **Written order.** The Tax Court, except in Small Claims Division,
 183.22 shall determine every appeal by written order containing findings of fact and the decision
 183.23 of the tax court. A memorandum of the grounds of the decision shall be appended. Notice
 183.24 of the entry of the order and of the substance of the decision shall be mailed to all parties.
 183.25 A motion for rehearing, which includes a motion for amended findings of fact, conclusions
 183.26 of law, or a new trial, must be served by the moving party within ~~15~~ 30 days after mailing
 183.27 of the notice by the court as specified in this subdivision, and the motion must be heard
 183.28 within ~~30~~ 60 days thereafter, unless the time for hearing is extended by the court within
 183.29 the ~~30-day~~ 60-day period for good cause shown.

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

183.31 Sec. 5. Minnesota Statutes 2014, section 271.21, subdivision 2, is amended to read:

183.32 Subd. 2. **Jurisdiction.** At the election of the taxpayer, the Small Claims Division
 183.33 shall have jurisdiction only in the following matters:

183.34 (a) cases involving valuation, assessment, or taxation of real or personal property, if:

184.1 (i) the issue is a denial of a current year application for the homestead classification
184.2 for the taxpayer's property;

184.3 (ii) only one parcel is included in the petition, the entire parcel is classified as
184.4 homestead class 1a or 1b under section 273.13, and the parcel contains no more than
184.5 one dwelling unit;

184.6 (iii) the entire property is classified as agricultural homestead class 2a or 1b under
184.7 section 273.13; or

184.8 (iv) the assessor's estimated market value of the property included in the petition
184.9 is less than \$300,000; or

184.10 (b) any case not involving valuation, assessment, or taxation of real and personal
184.11 property in which the amount in controversy does not exceed ~~\$5,000~~ \$15,000, including
184.12 penalty and interest.

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

184.14 Sec. 6. Minnesota Statutes 2014, section 289A.60, is amended by adding a subdivision
184.15 to read:

184.16 Subd. 32. **Sales suppression.** (a) A person who:

184.17 (1) sells;

184.18 (2) transfers;

184.19 (3) develops;

184.20 (4) manufactures; or

184.21 (5) possesses with the intent to sell or transfer

184.22 an automated sales suppression device, zapper, phantom-ware, or similar device capable
184.23 of being used to commit tax fraud or suppress sales is liable for a civil penalty calculated
184.24 under paragraph (b).

184.25 (b) The amount of the civil penalty equals the greater of (1) \$2,000, or (2) the total
184.26 amount of all taxes and penalties due that are attributable to the use of any automated
184.27 sales suppression device, zapper, phantom-ware, or similar device facilitated by the sale,
184.28 transfer, development, or manufacture of the automated sales suppression device, zapper,
184.29 phantom-ware, or similar device by the person.

184.30 (c) The definitions in section 609.858 apply to this subdivision.

184.31 **EFFECTIVE DATE.** This section is effective for activities enumerated in
184.32 paragraph (a) that occur after July 1, 2016.

184.33 Sec. 7. Minnesota Statutes 2014, section 290A.03, subdivision 13, is amended to read:

185.1 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax
185.2 exclusive of special assessments, penalties, and interest payable on a claimant's homestead
185.3 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,
185.4 and any other state paid property tax credits in any calendar year, and after any refund
185.5 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in
185.6 the year that the property tax is payable. In the case of a claimant who makes ground
185.7 lease payments, "property taxes payable" includes the amount of the payments directly
185.8 attributable to the property taxes assessed against the parcel on which the house is located.
185.9 No apportionment or reduction of the "property taxes payable" shall be required for the
185.10 use of a portion of the claimant's homestead for a business purpose if the claimant does
185.11 not deduct any business depreciation expenses for the use of a portion of the homestead,
185.12 or does not deduct expenses under section 280A of the Internal Revenue Code for a
185.13 business operated in the home, in the determination of federal adjusted gross income. For
185.14 homesteads which are manufactured homes as defined in section 273.125, subdivision 8,
185.15 and for homesteads which are park trailers taxed as manufactured homes under section
185.16 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross
185.17 rent paid in the preceding year for the site on which the homestead is located. When
185.18 a homestead is owned by two or more persons as joint tenants or tenants in common,
185.19 such tenants shall determine between them which tenant may claim the property taxes
185.20 payable on the homestead. If they are unable to agree, the matter shall be referred to the
185.21 commissioner of revenue whose decision shall be final. Property taxes are considered
185.22 payable in the year prescribed by law for payment of the taxes.

185.23 In the case of a claim relating to "property taxes payable," the claimant must have
185.24 owned and occupied the homestead on January 2 of the year in which the tax is payable
185.25 and (i) the property must have been classified as homestead property pursuant to section
185.26 273.124, on or before December 15 of the assessment year to which the "property taxes
185.27 payable" relate; or (ii) the claimant must provide documentation from the local assessor
185.28 that application for homestead classification has been made on or before December 15
185.29 of the year in which the "property taxes payable" were payable and that the assessor has
185.30 approved the application.

185.31 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after
185.32 December 31, 2014, and property taxes payable after December 31, 2015.

185.33 Sec. 8. Minnesota Statutes 2014, section 469.169, is amended by adding a subdivision
185.34 to read:

186.1 Subd. 20. **Additional allocation; 2016.** In addition to the tax reductions in
 186.2 subdivisions 12 to 19, \$3,000,000 is allocated for tax reductions to border city enterprise
 186.3 zones in cities located on the western border of the state. The commissioner shall allocate
 186.4 this amount among cities on a per capita basis. Allocations under this subdivision may
 186.5 be used for tax reductions under sections 469.171, 469.1732, and 469.1734, or for other
 186.6 offsets of taxes imposed on or remitted by businesses located in the enterprise zone,
 186.7 but only if the municipality determines that the granting of the tax reduction or offset is
 186.8 necessary to retain a business within or attract a business to the zone.

186.9 **EFFECTIVE DATE.** This section is effective July 1, 2016.

186.10 Sec. 9. Minnesota Statutes 2014, section 609.5316, subdivision 3, is amended to read:

186.11 Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales**
 186.12 **suppression devices, and bullet-resistant vests.** Weapons used are contraband and
 186.13 must be summarily forfeited to the appropriate agency upon conviction of the weapon's
 186.14 owner or possessor for a controlled substance crime; for any offense of this chapter
 186.15 or chapter 624, or for a violation of an order for protection under section 518B.01,
 186.16 subdivision 14. Bullet-resistant vests, as defined in section 609.486, worn or possessed
 186.17 during the commission or attempted commission of a crime are contraband and must be
 186.18 summarily forfeited to the appropriate agency upon conviction of the owner or possessor
 186.19 for a controlled substance crime or for any offense of this chapter. Telephone cloning
 186.20 paraphernalia used in a violation of section 609.894, and automated sales suppression
 186.21 devices, phantom-ware, and other devices containing an automated sales suppression or
 186.22 phantom-ware device or software used in violation of section 609.858, are contraband and
 186.23 must be summarily forfeited to the appropriate agency upon a conviction.

186.24 Sec. 10. **[609.858] USE OF AUTOMATED SALES SUPPRESSION DEVICES.**

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

186.27 (b) "Automated sales suppression device" or "zapper" means a software program,
 186.28 carried on any tangible medium, or accessed through any other means, that falsifies the
 186.29 electronic records of electronic cash registers and other point-of-sale systems including,
 186.30 but not limited to, transaction data and transaction reports.

186.31 (c) "Electronic cash register" means a device that keeps a register or supporting
 186.32 documents through the means of an electronic device or computer system designed to
 186.33 record transaction data for the purpose of computing, compiling, or processing retail
 186.34 sales transaction data in whatever manner.

187.1 (d) "Phantom-ware" means hidden preinstalled, or later-installed programming
187.2 option embedded in the operating system of an electronic cash register or hardwired
187.3 into the electronic cash register that can be used to create a virtual second electronic
187.4 cash register or may eliminate or manipulate transaction records that may or may not be
187.5 preserved in digital formats to represent the true or manipulated record of transactions in
187.6 the electronic cash register.

187.7 (e) "Transaction data" includes items purchased by a customer, the price of each
187.8 item, the taxability determination for each item, a segregated tax amount for each of
187.9 the taxed items, the date and time of the purchase, the name, address and identification
187.10 number of the vendor, and the receipt or invoice number of the transaction.

187.11 (f) "Transaction report" means a report documenting, but not limited to, the sales,
187.12 taxes collected, media totals, and discount voids at an electronic cash register that is
187.13 printed on cash register tape at the end of a day or shift, or a report documenting every
187.14 action at an electronic cash register that is stored electronically.

187.15 Subd. 2. **Felony.** A person who sells, purchases, installs, transfers, possesses,
187.16 develops, manufactures, accesses, or uses an automated sales suppression device, zapper,
187.17 phantom-ware, or similar device knowing that the device or phantom-ware is capable
187.18 of being used to commit tax fraud or suppress sales is guilty of a felony and may be
187.19 sentenced to imprisonment for not more than five years or to a payment of a fine of not
187.20 more than \$10,000, or both.

187.21 Subd. 3. **Forfeiture.** An automated sales suppression device, zapper, phantom-ware,
187.22 and any other device containing an automated sales suppression, zapper, or phantom-ware
187.23 device or software is contraband and subject to forfeiture under section 609.5316.

187.24 **EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes
187.25 committed on or after that date.

187.26 Sec. 11. **APPROPRIATIONS.**

187.27 Subdivision 1. **New markets grant program.** \$30,000,000 in fiscal year 2017 is
187.28 appropriated from the general fund to the commissioner of employment and economic
187.29 development for the new markets grant program under Minnesota Statutes, section
187.30 116J.952. This appropriation is a onetime appropriation and is available until June 30,
187.31 2024. The commissioner may award grants of up to \$10,000,000 per fiscal year.

187.32 Subd. 2. **Department of Revenue.** \$5,000,000 in fiscal year 2017 is appropriated
187.33 from the general fund to the commissioner of revenue for administering this act. The
187.34 funding base for this appropriation in fiscal year 2018 and thereafter is \$2,000,000.

188.1 Subd. 3. Tax time savings grant program. (a) \$400,000 is appropriated in fiscal
188.2 year 2017 from the general fund to the commissioner of revenue to make grants under the
188.3 tax time savings grant program under Minnesota Statutes, section 270C.22. Of this amount,
188.4 up to five percent may be used for the administration of the tax time savings grant program.

188.5 (b) The base funding for the grant program authorized under paragraph (a) is
188.6 \$400,000 each year.

188.7 Subd. 4. Taxpayer assistance grants. (a) \$400,000 is appropriated in fiscal year
188.8 2017 from the general fund to the commissioner of revenue for the provision of taxpayer
188.9 assistance grants under Minnesota Statutes, section 270C.21, in addition to the current
188.10 base funding for the program. Of the amount appropriated under this paragraph and the
188.11 current base funding for the provision of taxpayer assistance grants, up to five percent may
188.12 be used for the administration of the taxpayer assistance grants program.

188.13 (b) Beginning in fiscal year 2018, the total base funding for the program under
188.14 paragraph (a) is \$800,000 each year. This amount includes the base funding of \$400,000
188.15 each year established in Laws 2015, chapter 77, article 1, section 14, subdivision 2,
188.16 paragraph (a).

188.17 Subd. 5. Local government grants. (a) The following amounts are appropriated in
188.18 fiscal year 2016 only from the general fund to the commissioner of revenue for grants that
188.19 shall be paid by June 30, 2016, and allocated as follows:

- 188.20 (1) \$1,200,000 to the city of Madelia;
188.21 (2) \$465,000 to the city of Hibbing; and
188.22 (3) \$52,288 to Stearns County.

188.23 (b) The following amounts are appropriated in fiscal year 2017 only from the
188.24 general fund to the commissioner of revenue for grants that shall be paid by June 30,
188.25 2017, and allocated as follows:

- 188.26 (1) \$2,000,000 to Mahnomen County. Of this amount, \$1,000,000 must be used
188.27 by the county for the Mahnomen Health Center, and \$1,000,000 must be paid from the
188.28 county to the White Earth Band of Ojibwe;
188.29 (2) \$1,130,000 to Hennepin County. Of this amount, \$730,000 must be used for the
188.30 North Branch Library EMERGE Career and Technology Center, and \$400,000 must be
188.31 used for the Cedar Riverside Opportunity Center;
188.32 (3) \$1,000,000 to the city of Mahnomen; and
188.33 (4) \$150,000 to the city of Lilydale.

188.34 (c) All of the appropriations under this subdivision are onetime and are not added
188.35 to the base budget.

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

189.2 **ARTICLE 12**

189.3 **DEPARTMENT POLICY AND TECHNICAL PROVISIONS; INCOME,**
189.4 **CORPORATE FRANCHISE, AND ESTATE TAXES**

189.5 Section 1. Minnesota Statutes 2014, section 289A.08, subdivision 11, is amended to
189.6 read:

189.7 Subd. 11. **Information included in income tax return.** (a) The return must state:

189.8 (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the
189.9 address of the taxpayer in the same name or names and same address as the taxpayer has
189.10 used in making the taxpayer's income tax return to the United States;

189.11 (2) the date or dates of birth of the taxpayer or taxpayers;

189.12 (3) the Social Security number of the taxpayer, or taxpayers, if a Social Security
189.13 number has been issued by the United States with respect to the taxpayers; and

189.14 (4) the amount of the taxable income of the taxpayer as it appears on the federal
189.15 return for the taxable year to which the Minnesota state return applies.

189.16 (b) The taxpayer must attach to the taxpayer's Minnesota state income tax return
189.17 a copy of the federal income tax return that the taxpayer has filed or is about to file for
189.18 the period, ~~unless the taxpayer is eligible to telefile the federal return and does file the~~
189.19 ~~Minnesota return by telefiling.~~

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

189.21 Sec. 2. Minnesota Statutes 2014, section 289A.08, subdivision 16, is amended to read:

189.22 Subd. 16. **Tax refund or return preparers; electronic filing; paper filing fee**

189.23 **imposed.** (a) A "tax refund or return preparer," as defined in section 289A.60, ~~subdivision~~
189.24 ~~13, paragraph (f),~~ who is a tax return preparer for purposes of section 6011(e) of the
189.25 Internal Revenue Code, and who reasonably expects to prepare more than ten Minnesota
189.26 individual income, corporate franchise, S corporation, partnership, or fiduciary income tax
189.27 returns for the prior ~~calendar~~ year must file all Minnesota individual income, corporate
189.28 franchise, S corporation, partnership, or fiduciary income tax returns prepared for that
189.29 ~~calendar~~ year by electronic means.

189.30 (b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return
189.31 that the taxpayer did not want the return filed by electronic means.

189.32 (c) For each return that is not filed electronically by a tax refund or return preparer
189.33 under this subdivision, including returns filed under paragraph (b), a paper filing fee
189.34 of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same

190.1 manner as income tax. The fee does not apply to returns that the commissioner requires
190.2 to be filed in paper form.

190.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
190.4 December 31, 2015.

190.5 Sec. 3. Minnesota Statutes 2014, section 289A.09, subdivision 2, is amended to read:

190.6 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold
190.7 from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision
190.8 2, or who would have been required to deduct and withhold a tax under section 290.92,
190.9 subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision
190.10 2, determined without regard to section 290.92, subdivision 19, if the employee or payee
190.11 had claimed no more than one withholding exemption, or who paid wages or made
190.12 payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923,
190.13 subdivision 2, to an employee or person receiving royalty payments in excess of \$600,
190.14 or who has entered into a voluntary withholding agreement with a payee under section
190.15 290.92, subdivision 20, must give every employee or person receiving royalty payments in
190.16 respect to the remuneration paid by the person to the employee or person receiving royalty
190.17 payments during the calendar year, on or before January 31 of the succeeding year, or, if
190.18 employment is terminated before the close of the calendar year, within 30 days after the
190.19 date of receipt of a written request from the employee if the 30-day period ends before
190.20 January 31, a written statement showing the following:

190.21 (1) name of the person;

190.22 (2) the name of the employee or payee and the employee's or payee's Social Security
190.23 account number;

190.24 (3) the total amount of wages as that term is defined in section 290.92, subdivision
190.25 1, paragraph (1); the total amount of remuneration subject to withholding under section
190.26 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the
190.27 Internal Revenue Code; and the amount of royalties subject to withholding under section
190.28 290.923, subdivision 2; and

190.29 (4) the total amount deducted and withheld as tax under section 290.92, subdivision
190.30 2a or 3, or 290.923, subdivision 2.

190.31 (b) The statement required to be furnished by paragraph (a) with respect to any
190.32 remuneration must be furnished at those times, must contain the information required, and
190.33 must be in the form the commissioner prescribes.

191.1 (c) The commissioner may prescribe rules providing for reasonable extensions of
 191.2 time, not in excess of 30 days, to employers or payers required to give the statements to
 191.3 their employees or payees under this subdivision.

191.4 (d) A duplicate of any statement made under this subdivision and in accordance
 191.5 with rules prescribed by the commissioner, ~~along with a reconciliation in the form the~~
 191.6 ~~commissioner prescribes of the statements for the calendar year, including a reconciliation~~
 191.7 ~~of the quarterly returns required to be filed under subdivision 1,~~ must be filed with the
 191.8 commissioner on or before ~~February 28~~ January 31 of the year after the payments were
 191.9 made.

191.10 (e) If an employer cancels the employer's Minnesota withholding account number
 191.11 required by section 290.92, subdivision 24, the information required by paragraph (d),
 191.12 must be filed with the commissioner within 30 days of the end of the quarter in which
 191.13 the employer cancels its account number.

191.14 (f) The employer must submit the statements required to be sent to the commissioner
 191.15 ~~in the same manner required to satisfy the federal reporting requirements of section~~
 191.16 ~~6011(e) of the Internal Revenue Code and the regulations issued under it. An employer~~
 191.17 ~~must submit statements to the commissioner required by this section by electronic means~~
 191.18 ~~if the employer is required to send more than 25 statements to the commissioner, even~~
 191.19 ~~though the employer is not required to submit the returns federally by electronic means.~~
 191.20 ~~For statements issued for wages paid in 2011 and after, the threshold is ten. All statements~~
 191.21 ~~issued for withholding required under section 290.92 are aggregated for purposes of~~
 191.22 ~~determining whether the electronic submission threshold is met. The commissioner shall~~
 191.23 prescribe the content, format, and manner of the statement pursuant to section 270C.30.

191.24 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph
 191.25 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,
 191.26 paragraph (a), with the commissioner by electronic means.

191.27 **EFFECTIVE DATE.** This section is effective for statements required to be sent
 191.28 to the commissioner after December 31, 2016, except that the date change in paragraph
 191.29 (d) is effective for wages paid after December 31, 2015.

191.30 Sec. 4. Minnesota Statutes 2014, section 289A.12, subdivision 14, is amended to read:

191.31 Subd. 14. **Regulated investment companies; Reporting exempt interest and**
 191.32 **exempt-interest dividends.** (a) A regulated investment company paying \$10 or more in
 191.33 exempt-interest dividends to an individual who is a resident of Minnesota, or any person
 191.34 receiving \$10 or more of exempt interest or exempt-interest dividends and paying as
 191.35 nominee to an individual who is a resident of Minnesota, must make a return indicating

192.1 the amount of the exempt interest or exempt-interest dividends, the name, address, and
 192.2 Social Security number of the recipient, and any other information that the commissioner
 192.3 specifies. The return must be provided to the shareholder recipient by February 15 of the
 192.4 year following the year of the payment. The return provided to the shareholder recipient
 192.5 must include a clear statement, in the form prescribed by the commissioner, that the
 192.6 exempt interest or exempt-interest dividends must be included in the computation of
 192.7 Minnesota taxable income. By June 1 of each year, the ~~regulated investment company~~
 192.8 payor must file a copy of the return with the commissioner.

192.9 (b) For purposes of this subdivision, the following definitions apply.

192.10 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in
 192.11 section 852(b)(5) of the Internal Revenue Code, but does not include the portion of
 192.12 exempt-interest dividends that are not required to be added to federal taxable income
 192.13 under section 290.01, subdivision 19a, clause (1)(ii).

192.14 (2) "Regulated investment company" means regulated investment company as
 192.15 defined in section 851(a) of the Internal Revenue Code or a fund of the regulated
 192.16 investment company as defined in section 851(g) of the Internal Revenue Code.

192.17 (3) "Exempt interest" means income on obligations of any state other than
 192.18 Minnesota, or a political or governmental subdivision, municipality, or governmental
 192.19 agency or instrumentality of any state other than Minnesota, and exempt from federal
 192.20 income taxes under the Internal Revenue Code or any other federal statute.

192.21 **EFFECTIVE DATE.** This section is effective for reports required to be filed after
 192.22 December 31, 2016.

192.23 Sec. 5. Minnesota Statutes 2014, section 289A.18, is amended by adding a subdivision
 192.24 to read:

192.25 Subd. 2a. **Annual withholding returns; eligible employers.** (a) An employer who
 192.26 deducts and withholds an amount required to be withheld by section 290.92 may file an
 192.27 annual return and make an annual payment of the amount required to be deducted and
 192.28 withheld for that calendar year if the employer has received a notification under paragraph
 192.29 (b). The ability to elect to file an annual return continues through the year following the
 192.30 year where an employer is required to deduct and withhold more than \$500.

192.31 (b) The commissioner is authorized to determine which employers are eligible to
 192.32 file an annual return and to notify employers who newly qualify to file an annual return
 192.33 because the amount an employer is required to deduct and withhold for that calendar year
 192.34 is \$500 or less based on the most recent period of four consecutive quarters for which the
 192.35 commissioner has compiled data on that employer's withholding tax for that period. At the

193.1 time of notification, eligible employers may still decide to file returns and make deposits
 193.2 quarterly. An employer who decides to file returns and make deposits quarterly is required
 193.3 to make all returns and deposits required by this chapter and, notwithstanding paragraph
 193.4 (a), is subject to all applicable penalties for failing to do so.

193.5 (c) If, at the end of any calendar month other than the last month of the calendar
 193.6 year, the aggregate amount of undeposited tax withheld by an employer who has elected to
 193.7 file an annual return exceeds \$500, the employer must deposit the aggregate amount with
 193.8 the commissioner within 30 days of the end of the calendar month.

193.9 (d) If an employer who has elected to file an annual return ceases to pay wages
 193.10 for which withholding is required, the employer must file a final return and deposit any
 193.11 undeposited tax within 30 days of the end of the calendar month following the month in
 193.12 which the employer ceased paying wages.

193.13 (e) An employer not subject to paragraph (c) or (d) who elects to file an annual
 193.14 return must file the return and pay the tax not previously deposited before February 1 of
 193.15 the year following the year in which the tax was withheld.

193.16 (f) A notification to an employer regarding eligibility to file an annual return under
 193.17 Minnesota Rules, part 8092.1400, is considered a notification under paragraph (a).

193.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 193.19 December 31, 2015.

193.20 Sec. 6. Minnesota Statutes 2014, section 289A.20, subdivision 2, is amended to read:

193.21 **Subd. 2. Withholding from wages, entertainer withholding, withholding**
 193.22 **from payments to out-of-state contractors, and withholding by partnerships, small**
 193.23 **business corporations, trusts.** (a) Except as provided in section 289A.18, subdivision 2a,
 193.24 a tax required to be deducted and withheld during the quarterly period must be paid on
 193.25 or before the last day of the month following the close of the quarterly period, unless an
 193.26 earlier time for payment is provided. A tax required to be deducted and withheld from
 193.27 compensation of an entertainer and from a payment to an out-of-state contractor must be
 193.28 paid on or before the date the return for such tax must be filed under section 289A.18,
 193.29 subdivision 2. Taxes required to be deducted and withheld by partnerships, S corporations,
 193.30 and trusts must be paid on a quarterly basis as estimated taxes under section 289A.25 for
 193.31 partnerships and trusts and under section 289A.26 for S corporations.

193.32 (b) An employer who, during the previous quarter, withheld more than \$1,500 of
 193.33 tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax
 193.34 withheld under those sections with the commissioner within the time allowed to deposit
 193.35 the employer's federal withheld employment taxes under Code of Federal Regulations,

194.1 title 26, section 31.6302-1, as amended through December 31, 2001, without regard to the
 194.2 safe harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3).
 194.3 Taxpayers must submit a copy of their federal notice of deposit status to the commissioner
 194.4 upon request by the commissioner.

194.5 (c) The commissioner may prescribe by rule other return periods or deposit
 194.6 requirements. In prescribing the reporting period, the commissioner may classify payors
 194.7 according to the amount of their tax liability and may adopt an appropriate reporting
 194.8 period for the class that the commissioner judges to be consistent with efficient tax
 194.9 collection. In no event will the duration of the reporting period be more than one year.

194.10 (d) If less than the correct amount of tax is paid to the commissioner, proper
 194.11 adjustments with respect to both the tax and the amount to be deducted must be made,
 194.12 without interest, in the manner and at the times the commissioner prescribes. If the
 194.13 underpayment cannot be adjusted, the amount of the underpayment will be assessed and
 194.14 collected in the manner and at the times the commissioner prescribes.

194.15 (e) If the aggregate amount of the tax withheld is \$10,000 or more in a fiscal year
 194.16 ending June 30, the employer must remit each required deposit for wages paid in all
 194.17 subsequent calendar years by electronic means.

194.18 (f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph
 194.19 (a), clause (2), who remits withholding deposits must remit all deposits by electronic
 194.20 means as provided in paragraph (e), regardless of the aggregate amount of tax withheld
 194.21 during a fiscal year for all of the employers.

194.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 194.23 December 31, 2015.

194.24 Sec. 7. Minnesota Statutes 2014, section 289A.31, subdivision 1, is amended to read:

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

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

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

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

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

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

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

195.14 (c) The ~~tax~~ taxes imposed under ~~section~~ sections 289A.35 and 290.0922 on
 195.15 partnerships ~~is~~ are the joint and several liability of the partnership and the general partners.

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

195.17 Sec. 8. Minnesota Statutes 2014, section 289A.35, is amended to read:

195.18 **289A.35 ASSESSMENTS ON RETURNS.**

195.19 (a) The commissioner may audit and adjust the taxpayer's computation of federal
 195.20 taxable income, items of federal tax preferences, or federal credit amounts to make them
 195.21 conform with the provisions of chapter 290 or section 298.01. If a return has been filed,
 195.22 the commissioner shall enter the liability reported on the return and may make any audit
 195.23 or investigation that is considered necessary.

195.24 (b) Upon petition by a taxpayer, and when the commissioner determines that it is in
 195.25 the best interest of the state, the commissioner may allow S corporations and partnerships
 195.26 to receive orders of assessment issued under section 270C.33, subdivision 4, on behalf
 195.27 of their owners, and to pay liabilities shown on such orders. In such cases, the owners'
 195.28 liability must be calculated using the method provided in section 289A.08, subdivision 7,
 195.29 paragraph (b).

195.30 (c) A taxpayer may petition the commissioner for the use of the method described
 195.31 in paragraph (b) after the taxpayer is notified that an audit has been initiated and before
 195.32 an order of assessment has been issued.

195.33 (d) A determination of the commissioner under paragraph (b) to grant or deny the
 195.34 petition of a taxpayer cannot be appealed to the Tax Court or any other court.

196.1 ~~(b)~~ (e) The commissioner may audit and adjust the taxpayer's computation of
 196.2 tax under chapter 291. In the case of a return filed pursuant to section 289A.10, the
 196.3 commissioner shall notify the estate no later than nine months after the filing date, as
 196.4 provided by section 289A.38, subdivision 2, whether the return is under examination
 196.5 or the return has been processed as filed.

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

196.7 Sec. 9. Minnesota Statutes 2014, section 289A.60, subdivision 28, is amended to read:

196.8 Subd. 28. **Preparer identification number.** Any Minnesota individual income tax
 196.9 return or claim for refund prepared by a "tax refund or return preparer" as defined in
 196.10 subdivision 13, paragraph (f), shall bear the identification number the preparer is required
 196.11 to use federally under section 6109(a)(4) of the Internal Revenue Code. A tax refund or
 196.12 return preparer who prepares a Minnesota ~~individual income tax return~~ return required
 196.13 by section 289A.08, subdivisions 1, 2, 3, and 7; or 289A.12, subdivision 3, or claim for
 196.14 refund and fails to include the required number on the return or claim is subject to a
 196.15 penalty of \$50 for each failure.

196.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 196.17 December 31, 2015.

196.18 Sec. 10. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

196.19 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
 196.20 and trusts, there shall be subtracted from federal taxable income:

196.21 (1) net interest income on obligations of any authority, commission, or
 196.22 instrumentality of the United States to the extent includable in taxable income for federal
 196.23 income tax purposes but exempt from state income tax under the laws of the United States;

196.24 (2) if included in federal taxable income, the amount of any overpayment of income
 196.25 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
 196.26 is received as a refund or as a credit to another taxable year's income tax liability;

196.27 (3) the amount paid to others, less the amount used to claim the credit allowed under
 196.28 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
 196.29 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
 196.30 transportation of each qualifying child in attending an elementary or secondary school
 196.31 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
 196.32 resident of this state may legally fulfill the state's compulsory attendance laws, which
 196.33 is not operated for profit, and which adheres to the provisions of the Civil Rights Act

197.1 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
197.2 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
197.3 "textbooks" includes books and other instructional materials and equipment purchased
197.4 or leased for use in elementary and secondary schools in teaching only those subjects
197.5 legally and commonly taught in public elementary and secondary schools in this state.
197.6 Equipment expenses qualifying for deduction includes expenses as defined and limited in
197.7 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
197.8 books and materials used in the teaching of religious tenets, doctrines, or worship, the
197.9 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
197.10 or materials for, or transportation to, extracurricular activities including sporting events,
197.11 musical or dramatic events, speech activities, driver's education, or similar programs. No
197.12 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
197.13 the qualifying child's vehicle to provide such transportation for a qualifying child. For
197.14 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
197.15 given in section 32(c)(3) of the Internal Revenue Code;

197.16 (4) income as provided under section 290.0802;

197.17 (5) to the extent included in federal adjusted gross income, income realized on
197.18 disposition of property exempt from tax under section 290.491;

197.19 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
197.20 of the Internal Revenue Code in determining federal taxable income by an individual
197.21 who does not itemize deductions for federal income tax purposes for the taxable year, an
197.22 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
197.23 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,
197.24 under the provisions of Public Law 109-1 and Public Law 111-126;

197.25 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
197.26 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
197.27 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
197.28 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
197.29 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
197.30 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
197.31 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
197.32 the extent they exceed the federal foreign tax credit;

197.33 (8) in each of the five tax years immediately following the tax year in which an
197.34 addition is required under subdivision 19a, clause (7), or 19c, clause ~~(12)~~ (11), in the case of
197.35 a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
197.36 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount

198.1 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,
198.2 clause ~~(12)~~ (11), in the case of a shareholder of an S corporation, minus the positive value
198.3 of any net operating loss under section 172 of the Internal Revenue Code generated for the
198.4 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

198.5 (9) job opportunity building zone income as provided under section 469.316;

198.6 (10) to the extent included in federal taxable income, the amount of compensation
198.7 paid to members of the Minnesota National Guard or other reserve components of the
198.8 United States military for active service, including compensation for services performed
198.9 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active
198.10 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause
198.11 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision
198.12 5b, and "active service" includes service performed in accordance with section 190.08,
198.13 subdivision 3;

198.14 (11) to the extent included in federal taxable income, the amount of compensation
198.15 paid to Minnesota residents who are members of the armed forces of the United States
198.16 or United Nations for active duty performed under United States Code, title 10; or the
198.17 authority of the United Nations;

198.18 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
198.19 qualified donor's donation, while living, of one or more of the qualified donor's organs
198.20 to another person for human organ transplantation. For purposes of this clause, "organ"
198.21 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
198.22 "human organ transplantation" means the medical procedure by which transfer of a human
198.23 organ is made from the body of one person to the body of another person; "qualified
198.24 expenses" means unreimbursed expenses for both the individual and the qualified donor
198.25 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
198.26 may be subtracted under this clause only once; and "qualified donor" means the individual
198.27 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
198.28 individual may claim the subtraction in this clause for each instance of organ donation for
198.29 transplantation during the taxable year in which the qualified expenses occur;

198.30 (13) in each of the five tax years immediately following the tax year in which an
198.31 addition is required under subdivision 19a, clause (8), or 19c, clause ~~(13)~~ (12), in the case
198.32 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of
198.33 the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause ~~(13)~~
198.34 (12), in the case of a shareholder of a corporation that is an S corporation, minus the
198.35 positive value of any net operating loss under section 172 of the Internal Revenue Code

199.1 generated for the tax year of the addition. If the net operating loss exceeds the addition for
199.2 the tax year, a subtraction is not allowed under this clause;

199.3 (14) to the extent included in the federal taxable income of a nonresident of
199.4 Minnesota, compensation paid to a service member as defined in United States Code, title
199.5 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
199.6 Act, Public Law 108-189, section 101(2);

199.7 (15) to the extent included in federal taxable income, the amount of national service
199.8 educational awards received from the National Service Trust under United States Code,
199.9 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
199.10 program;

199.11 (16) to the extent included in federal taxable income, discharge of indebtedness
199.12 income resulting from reacquisition of business indebtedness included in federal taxable
199.13 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
199.14 to the extent that the income was included in net income in a prior year as a result of the
199.15 addition under subdivision 19a, clause (13);

199.16 (17) the amount of the net operating loss allowed under section 290.095, subdivision
199.17 11, paragraph (c);

199.18 (18) the amount of expenses not allowed for federal income tax purposes due
199.19 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
199.20 Revenue Code;

199.21 (19) the amount of the limitation on itemized deductions under section 68(b) of the
199.22 Internal Revenue Code;

199.23 (20) the amount of the phaseout of personal exemptions under section 151(d) of
199.24 the Internal Revenue Code; and

199.25 (21) to the extent included in federal taxable income, the amount of qualified
199.26 transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal
199.27 Revenue Code. The subtraction is limited to the lesser of the amount of qualified
199.28 transportation fringe benefits received in excess of the limitations under section
199.29 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the
199.30 maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal
199.31 Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A)
199.32 of the Internal Revenue Code.

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

199.34 Sec. 11. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

200.1 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,
200.2 there shall be added to federal taxable income:

200.3 (1) the amount of any deduction taken for federal income tax purposes for income,
200.4 excise, or franchise taxes based on net income or related minimum taxes, including but not
200.5 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,
200.6 another state, a political subdivision of another state, the District of Columbia, or any
200.7 foreign country or possession of the United States;

200.8 (2) interest not subject to federal tax upon obligations of: the United States, its
200.9 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
200.10 state, any of its political or governmental subdivisions, any of its municipalities, or any
200.11 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
200.12 tribal governments;

200.13 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal
200.14 Revenue Code;

200.15 (4) the amount of any net operating loss deduction taken for federal income tax
200.16 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss
200.17 deduction under section 810 of the Internal Revenue Code;

200.18 (5) the amount of any special deductions taken for federal income tax purposes
200.19 under sections 241 to 247 and 965 of the Internal Revenue Code;

200.20 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,
200.21 clause (a), that are not subject to Minnesota income tax;

200.22 (7) the amount of any capital losses deducted for federal income tax purposes under
200.23 sections 1211 and 1212 of the Internal Revenue Code;

200.24 (8) the amount of percentage depletion deducted under sections 611 through 614 and
200.25 291 of the Internal Revenue Code;

200.26 ~~(9) for certified pollution control facilities placed in service in a taxable year~~
200.27 ~~beginning before December 31, 1986, and for which amortization deductions were elected~~
200.28 ~~under section 169 of the Internal Revenue Code of 1954, as amended through December~~
200.29 ~~31, 1985, the amount of the amortization deduction allowed in computing federal taxable~~
200.30 ~~income for those facilities;~~

200.31 ~~(10)~~ (9) the amount of a partner's pro rata share of net income which does not flow
200.32 through to the partner because the partnership elected to pay the tax on the income under
200.33 section 6242(a)(2) of the Internal Revenue Code;

200.34 ~~(11)~~ (10) any increase in subpart F income, as defined in section 952(a) of the
200.35 Internal Revenue Code, for the taxable year when subpart F income is calculated without
200.36 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

201.1 ~~(12)~~ (11) 80 percent of the depreciation deduction allowed under section
 201.2 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if
 201.3 the taxpayer has an activity that in the taxable year generates a deduction for depreciation
 201.4 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable
 201.5 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation
 201.6 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess
 201.7 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)
 201.8 over the amount of the loss from the activity that is not allowed in the taxable year. In
 201.9 succeeding taxable years when the losses not allowed in the taxable year are allowed, the
 201.10 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

201.11 ~~(13)~~ (12) 80 percent of the amount by which the deduction allowed by section 179 of
 201.12 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
 201.13 Revenue Code of 1986, as amended through December 31, 2003;

201.14 ~~(14)~~ (13) to the extent deducted in computing federal taxable income, the amount of
 201.15 the deduction allowable under section 199 of the Internal Revenue Code;

201.16 ~~(15)~~ (14) the amount of expenses disallowed under section 290.10, subdivision 2; and

201.17 ~~(16)~~ (15) discharge of indebtedness income resulting from reacquisition of business
 201.18 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

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

201.20 Sec. 12. Minnesota Statutes 2014, section 290.01, subdivision 19d, is amended to read:

201.21 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
 201.22 corporations, there shall be subtracted from federal taxable income after the increases
 201.23 provided in subdivision 19c:

201.24 (1) the amount of foreign dividend gross-up added to gross income for federal
 201.25 income tax purposes under section 78 of the Internal Revenue Code;

201.26 (2) the amount of salary expense not allowed for federal income tax purposes due to
 201.27 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

201.28 (3) any dividend (not including any distribution in liquidation) paid within the
 201.29 taxable year by a national or state bank to the United States, or to any instrumentality of
 201.30 the United States exempt from federal income taxes, on the preferred stock of the bank
 201.31 owned by the United States or the instrumentality;

201.32 (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the
 201.33 Internal Revenue Code, except that:

201.34 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
 201.35 capital loss carrybacks shall not be allowed;

202.1 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
 202.2 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
 202.3 allowed;

202.4 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
 202.5 capital loss carryback to each of the three taxable years preceding the loss year, subject to
 202.6 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

202.7 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
 202.8 a capital loss carryover to each of the five taxable years succeeding the loss year to the
 202.9 extent such loss was not used in a prior taxable year and subject to the provisions of
 202.10 Minnesota Statutes 1986, section 290.16, shall be allowed;

202.11 (5) an amount for interest and expenses relating to income not taxable for federal
 202.12 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
 202.13 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
 202.14 291 of the Internal Revenue Code in computing federal taxable income;

202.15 (6) in the case of mines, oil and gas wells, other natural deposits, and timber for
 202.16 which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a
 202.17 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
 202.18 must be apportioned between the lessor and lessee in accordance with rules prescribed
 202.19 by the commissioner. In the case of property held in trust, the allowable deduction must
 202.20 be apportioned between the income beneficiaries and the trustee in accordance with the
 202.21 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
 202.22 of the trust's income allocable to each;

202.23 ~~(7) for certified pollution control facilities placed in service in a taxable year~~
 202.24 ~~beginning before December 31, 1986, and for which amortization deductions were elected~~
 202.25 ~~under section 169 of the Internal Revenue Code of 1954, as amended through December~~
 202.26 ~~31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes~~
 202.27 ~~1986, section 290.09, subdivision 7;~~

202.28 ~~(8)~~ (7) amounts included in federal taxable income that are due to refunds of
 202.29 income, excise, or franchise taxes based on net income or related minimum taxes paid
 202.30 by the corporation to Minnesota, another state, a political subdivision of another state,
 202.31 the District of Columbia, or a foreign country or possession of the United States to the
 202.32 extent that the taxes were added to federal taxable income under subdivision 19c, clause
 202.33 (1), in a prior taxable year;

202.34 ~~(9)~~ (8) income or gains from the business of mining as defined in section 290.05,
 202.35 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

203.1 ~~(10)~~ (9) the amount of disability access expenditures in the taxable year which are not
 203.2 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

203.3 ~~(11)~~ (10) the amount of qualified research expenses not allowed for federal income
 203.4 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent
 203.5 that the amount exceeds the amount of the credit allowed under section 290.068;

203.6 ~~(12)~~ (11) the amount of salary expenses not allowed for federal income tax purposes
 203.7 due to claiming the Indian employment credit under section 45A(a) of the Internal
 203.8 Revenue Code;

203.9 ~~(13)~~ (12) any decrease in subpart F income, as defined in section 952(a) of the
 203.10 Internal Revenue Code, for the taxable year when subpart F income is calculated without
 203.11 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

203.12 ~~(14)~~ (13) in each of the five tax years immediately following the tax year in which an
 203.13 addition is required under subdivision 19c, clause ~~(12)~~ (11), an amount equal to one-fifth
 203.14 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the
 203.15 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(12)~~ (11). The
 203.16 resulting delayed depreciation cannot be less than zero;

203.17 ~~(15)~~ (14) in each of the five tax years immediately following the tax year in which an
 203.18 addition is required under subdivision 19c, clause ~~(13)~~ (12), an amount equal to one-fifth
 203.19 of the amount of the addition;

203.20 ~~(16)~~ (15) to the extent included in federal taxable income, discharge of indebtedness
 203.21 income resulting from reacquisition of business indebtedness included in federal taxable
 203.22 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
 203.23 to the extent that the income was included in net income in a prior year as a result of the
 203.24 addition under subdivision 19c, clause ~~(16)~~ (15); and

203.25 ~~(17)~~ (16) the amount of expenses not allowed for federal income tax purposes due
 203.26 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
 203.27 Revenue Code.

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

203.29 Sec. 13. Minnesota Statutes 2014, section 290.0672, subdivision 1, is amended to read:

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

203.32 (b) "Long-term care insurance" means a policy that:

203.33 (1) qualifies for a deduction under section 213 of the Internal Revenue Code,
 203.34 disregarding the ~~7.5 percent~~ adjusted gross income test; or meets the requirements

204.1 given in section 62A.46; or provides similar coverage issued under the laws of another
204.2 jurisdiction; and

204.3 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

204.4 (3) has been offered in compliance with the inflation protection requirements of
204.5 section 62S.23.

204.6 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

204.7 (d) "Premiums deducted in determining federal taxable income" means the lesser of
204.8 (1) long-term care insurance premiums that qualify as deductions under section 213 of
204.9 the Internal Revenue Code; and (2) the total amount deductible for medical care under
204.10 section 213 of the Internal Revenue Code.

204.11 **EFFECTIVE DATE.** This section is effective retroactively for taxable years
204.12 beginning after December 31, 2012.

204.13 Sec. 14. Minnesota Statutes 2014, section 290.068, subdivision 2, is amended to read:

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

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

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

204.28 (c) "Base amount" means base amount as defined in section 41(c) of the Internal
204.29 Revenue Code, except that the average annual gross receipts and aggregate gross receipts
204.30 must be calculated using Minnesota sales or receipts under section 290.191 and the
204.31 definitions contained in ~~clauses~~ paragraphs (a) and (b) shall apply.

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

204.33 Sec. 15. Minnesota Statutes 2014, section 290.091, subdivision 3, is amended to read:

205.1 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative
 205.2 minimum tax, the exemption amount is, for taxable years beginning after December 31,
 205.3 2005, \$60,000 for married couples filing joint returns, \$30,000 for married individuals
 205.4 filing separate returns, estates, and trusts, and \$45,000 for unmarried individuals.

205.5 (b) The exemption amount determined under this subdivision is subject to the phase
 205.6 out under section 55(d)(3) of the Internal Revenue Code, except that alternative minimum
 205.7 taxable income as determined under this section must be substituted in the computation of
 205.8 the phase out.

205.9 (c) For taxable years beginning after December 31, 2006, the exemption amount
 205.10 under paragraph (a), ~~clause (2)~~, must be adjusted for inflation. The commissioner shall
 205.11 adjust the exemption amount by the percentage determined pursuant to the provisions of
 205.12 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2005"
 205.13 shall be substituted for the word "1992." For 2007, the commissioner shall then determine
 205.14 the percent change from the 12 months ending on August 31, 2005, to the 12 months
 205.15 ending on August 31, 2006, and in each subsequent year, from the 12 months ending on
 205.16 August 31, 2005, to the 12 months ending on August 31 of the year preceding the taxable
 205.17 year. The exemption amount as adjusted must be rounded to the nearest \$10. If the amount
 205.18 ends in \$5, it must be rounded up to the nearest \$10 amount. The determination of the
 205.19 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

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

205.21 Sec. 16. Minnesota Statutes 2014, section 290.0921, subdivision 3, is amended to read:

205.22 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
 205.23 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
 205.24 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),
 205.25 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
 205.26 Minnesota tax return, the minimum tax must be computed on a separate company basis.
 205.27 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
 205.28 computed on a unitary basis. The following adjustments must be made.

205.29 (1) The portion of the depreciation deduction allowed for federal income tax
 205.30 purposes under section 168(k) of the Internal Revenue Code that is required as an addition
 205.31 under section 290.01, subdivision 19c, clause ~~(12)~~ (11), is disallowed in determining
 205.32 alternative minimum taxable income.

205.33 (2) The subtraction for depreciation allowed under section 290.01, subdivision
 205.34 19d, clause ~~(14)~~ (13), is allowed as a depreciation deduction in determining alternative
 205.35 minimum taxable income.

206.1 (3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)
206.2 of the Internal Revenue Code does not apply.

206.3 (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal
206.4 Revenue Code does not apply.

206.5 (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue
206.6 Code does not apply.

206.7 (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal
206.8 Revenue Code does not apply.

206.9 (7) The tax preference for charitable contributions of appreciated property under
206.10 section 57(a)(6) of the Internal Revenue Code does not apply.

206.11 (8) For purposes of calculating the adjustment for adjusted current earnings in
206.12 section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
206.13 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
206.14 minimum taxable income as defined in this subdivision, determined without regard to the
206.15 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

206.16 (9) For purposes of determining the amount of adjusted current earnings under
206.17 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section
206.18 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
206.19 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the
206.20 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
206.21 290.01, subdivision 19d, clause ~~(8)~~ (7).

206.22 (10) Alternative minimum taxable income excludes the income from operating in a
206.23 job opportunity building zone as provided under section 469.317.

206.24 Items of tax preference must not be reduced below zero as a result of the
206.25 modifications in this subdivision.

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

206.27 Sec. 17. Minnesota Statutes 2014, section 290.17, subdivision 2, is amended to read:

206.28 Subd. 2. **Income not derived from conduct of a trade or business.** The income of
206.29 a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or
206.30 business must be assigned in accordance with paragraphs (a) to (f):

206.31 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in
206.32 section 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the
206.33 extent that, the work of the employee is performed within it; all other income from such
206.34 sources is treated as income from sources without this state.

207.1 Severance pay shall be considered income from labor or personal or professional
207.2 services.

207.3 (2) In the case of an individual who is a nonresident of Minnesota and who is an
207.4 athlete or entertainer, income from compensation for labor or personal services performed
207.5 within this state shall be determined in the following manner:

207.6 (i) The amount of income to be assigned to Minnesota for an individual who is a
207.7 nonresident salaried athletic team employee shall be determined by using a fraction in
207.8 which the denominator contains the total number of days in which the individual is under
207.9 a duty to perform for the employer, and the numerator is the total number of those days
207.10 spent in Minnesota. For purposes of this paragraph, off-season training activities, unless
207.11 conducted at the team's facilities as part of a team imposed program, are not included in
207.12 the total number of duty days. Bonuses earned as a result of play during the regular season
207.13 or for participation in championship, play-off, or all-star games must be allocated under
207.14 the formula. Signing bonuses are not subject to allocation under the formula if they are
207.15 not conditional on playing any games for the team, are payable separately from any other
207.16 compensation, and are nonrefundable; and

207.17 (ii) The amount of income to be assigned to Minnesota for an individual who is a
207.18 nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's
207.19 athletic or entertainment performance in Minnesota shall be determined by assigning to
207.20 this state all income from performances or athletic contests in this state.

207.21 (3) For purposes of this section, amounts received by a nonresident as "retirement
207.22 income" as defined in section (b)(1) of the State Income Taxation of Pension Income
207.23 Act, Public Law 104-95, are not considered income derived from carrying on a trade
207.24 or business or from wages or other compensation for work an employee performed in
207.25 Minnesota, and are not taxable under this chapter.

207.26 (b) Income or gains from tangible property located in this state that is not employed
207.27 in the business of the recipient of the income or gains must be assigned to this state.

207.28 (c) Income or gains from intangible personal property not employed in the business
207.29 of the recipient of the income or gains must be assigned to this state if the recipient of the
207.30 income or gains is a resident of this state or is a resident trust or estate.

207.31 Gain on the sale of a partnership interest is allocable to this state in the ratio of the
207.32 original cost of partnership tangible property in this state to the original cost of partnership
207.33 tangible property everywhere, determined at the time of the sale. If more than 50 percent
207.34 of the value of the partnership's assets consists of intangibles, gain or loss from the sale
207.35 of the partnership interest is allocated to this state in accordance with the sales factor of

208.1 the partnership for its first full tax period immediately preceding the tax period of the
208.2 partnership during which the partnership interest was sold.

208.3 Gain on the sale of an interest in a single member limited liability company that
208.4 is disregarded for federal income tax purposes is allocable to this state as if the single
208.5 member limited liability company did not exist and the assets of the limited liability
208.6 company are personally owned by the sole member.

208.7 Gain on the sale of goodwill or income from a covenant not to compete that is
208.8 connected with a business operating all or partially in Minnesota is allocated to this state
208.9 to the extent that the income from the business in the year preceding the year of sale was
208.10 ~~assignable~~ allocable to Minnesota under subdivision 3.

208.11 When an employer pays an employee for a covenant not to compete, the income
208.12 allocated to this state is in the ratio of the employee's service in Minnesota in the calendar
208.13 year preceding leaving the employment of the employer over the total services performed
208.14 by the employee for the employer in that year.

208.15 (d) Income from winnings on a bet made by an individual while in Minnesota is
208.16 assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75,
208.17 subdivision 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

208.18 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the
208.19 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

208.20 (f) For the purposes of this section, working as an employee shall not be considered
208.21 to be conducting a trade or business.

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

208.23 Sec. 18. Minnesota Statutes 2014, section 290.31, subdivision 1, is amended to read:

208.24 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided
208.25 under section 289A.35, paragraph (b), a partnership as such shall not be subject to the
208.26 income tax imposed by this chapter, but is subject to the tax imposed under section
208.27 290.0922. Persons carrying on business as partners shall be liable for income tax only
208.28 in their separate or individual capacities.

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

208.30 Sec. 19. Minnesota Statutes 2014, section 290A.19, is amended to read:

208.31 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT**
208.32 **CERTIFICATE.**

209.1 (a) The owner or managing agent of any property for which rent is paid for
 209.2 occupancy as a homestead must furnish a certificate of rent paid to a person who is a
 209.3 renter on December 31, in the form prescribed by the commissioner. If the renter moves
 209.4 before December 31, the owner or managing agent may give the certificate to the renter
 209.5 at the time of moving, or mail the certificate to the forwarding address if an address has
 209.6 been provided by the renter. The certificate must be made available to the renter before
 209.7 February 1 of the year following the year in which the rent was paid. The owner or
 209.8 managing agent must retain a duplicate of each certificate or an equivalent record showing
 209.9 the same information for a period of three years. The duplicate or other record must be
 209.10 made available to the commissioner upon request.

209.11 (b) The commissioner may require the owner or managing agent, through a
 209.12 simple process, to furnish to the commissioner on or before March 1 a copy of each
 209.13 certificate of rent paid furnished to a renter for rent paid in the prior year, in the content,
 209.14 format, and manner prescribed by the commissioner pursuant to section 270C.30. Prior
 209.15 to implementation, the commissioner, after consulting with representatives of owners
 209.16 or managing agents, shall develop an implementation and administration plan for the
 209.17 requirements of this paragraph that attempts to minimize financial burdens, administration
 209.18 and compliance costs, and takes into consideration existing systems of owners and
 209.19 managing agents.

209.20 (c) For the purposes of this section, "owner" includes a park owner as defined under
 209.21 section 327C.01, subdivision 6, and "property" includes a lot as defined under section
 209.22 327C.01, subdivision 3.

209.23 **EFFECTIVE DATE.** This section is effective for certificates of rent paid furnished
 209.24 to a renter for rent paid after December 31, 2015.

209.25 Sec. 20. Minnesota Statutes 2014, section 291.016, subdivision 2, is amended to read:

209.26 Subd. 2. **Additions.** The following amounts, to the extent deducted in computing
 209.27 or otherwise excluded from the federal taxable estate, must be added in computing the
 209.28 Minnesota taxable estate:

209.29 (1) the amount of the deduction for state death taxes allowed under section 2058 of
 209.30 the Internal Revenue Code;

209.31 (2) the amount of the deduction for foreign death taxes allowed under section
 209.32 2053(d) of the Internal Revenue Code; and

209.33 (3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal
 209.34 Revenue Code, made by the decedent within three years of the date of death. For purposes

210.1 of this clause, the amount of the addition equals the value of the gift under section 2512 of
 210.2 the Internal Revenue Code and excludes any value of the gift included in the federal estate.

210.3 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 210.4 dying after June 30, 2013.

210.5 Sec. 21. Minnesota Statutes 2014, section 291.016, subdivision 3, is amended to read:

210.6 Subd. 3. **Subtraction.** The following amounts, to the extent included in computing
 210.7 the federal taxable estate, may be subtracted in computing the Minnesota taxable estate
 210.8 but must not reduce the Minnesota taxable estate to less than zero:

210.9 (1) the value of property subject to an election under section 291.03, subdivision
 210.10 1d; and

210.11 (2) the value of qualified small business property under section 291.03, subdivision
 210.12 9, and the value of qualified farm property under section 291.03, subdivision 10, or the
 210.13 result of \$5,000,000 minus the amount for the year of death listed in clauses (1) to (5)
 210.14 items (i) to (v), whichever is less, may be subtracted in computing the Minnesota taxable
 210.15 estate but must not reduce the Minnesota taxable estate to less than zero:

210.16 ~~(1)~~ (i) \$1,200,000 for estates of decedents dying in 2014;

210.17 ~~(2)~~ (ii) \$1,400,000 for estates of decedents dying in 2015;

210.18 ~~(3)~~ (iii) \$1,600,000 for estates of decedents dying in 2016;

210.19 ~~(4)~~ (iv) \$1,800,000 for estates of decedents dying in 2017; and

210.20 ~~(5)~~ (v) \$2,000,000 for estates of decedents dying in 2018 and thereafter.

210.21 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 210.22 dying after June 30, 2011.

210.23 Sec. 22. Minnesota Statutes 2014, section 291.03, subdivision 9, is amended to read:

210.24 Subd. 9. **Qualified small business property.** Property satisfying all of the following
 210.25 requirements is qualified small business property:

210.26 (1) The value of the property was included in the federal adjusted taxable estate.

210.27 (2) The property consists of the assets of a trade or business or shares of stock or other
 210.28 ownership interests in a corporation or other entity engaged in a trade or business. Shares
 210.29 of stock in a corporation or an ownership interest in another type of entity do not qualify
 210.30 under this subdivision if the shares or ownership interests are traded on a public stock
 210.31 exchange at any time during the three-year period ending on the decedent's date of death.
 210.32 For purposes of this subdivision, an ownership interest includes the interest the decedent
 210.33 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

211.1 (3) During the taxable year that ended before the decedent's death, the trade or
 211.2 business must not have been a passive activity within the meaning of section 469(c) of the
 211.3 Internal Revenue Code, and the decedent or the decedent's spouse must have materially
 211.4 participated in the trade or business within the meaning of section 469(h) of the Internal
 211.5 Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other
 211.6 provision provided by United States Treasury Department regulation that substitutes
 211.7 material participation in prior taxable years for material participation in the taxable year
 211.8 that ended before the decedent's death.

211.9 (4) The gross annual sales of the trade or business were \$10,000,000 or less for the
 211.10 last taxable year that ended before the date of the death of the decedent.

211.11 (5) The property does not ~~consist of~~ include:

211.12 (i) cash;₂

211.13 (ii) cash equivalents;₂

211.14 (iii) publicly traded securities;₂ or

211.15 (iv) any assets not used in the operation of the trade or business.

211.16 (6) For property consisting of shares of stock or other ownership interests in an
 211.17 entity, the value of ~~cash, cash equivalents, publicly traded securities, or assets not used~~
 211.18 ~~in the operation of the trade or business held by the corporation or other entity~~ items
 211.19 described in clause (5) must be deducted from the value of the property qualifying under
 211.20 this subdivision in proportion to the decedent's share of ownership of the entity on the date
 211.21 of death excluded in the valuation of the decedent's interest in the entity.

211.22 ~~(6)~~ (7) The decedent continuously owned the property, including property the
 211.23 decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue
 211.24 Code, for the three-year period ending on the date of death of the decedent. In the case of
 211.25 a sole proprietor, if the property replaced similar property within the three-year period,
 211.26 the replacement property will be treated as having been owned for the three-year period
 211.27 ending on the date of death of the decedent.

211.28 ~~(7)~~ (8) For three years following the date of death of the decedent, the trade or business
 211.29 is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,
 211.30 and a family member materially participates in the operation of the trade or business within
 211.31 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)
 211.32 of the Internal Revenue Code and any other provision provided by United States Treasury
 211.33 Department regulation that substitutes material participation in prior taxable years for
 211.34 material participation in the three years following the date of death of the decedent.

212.1 ~~(8)~~ (9) The estate and the qualified heir elect to treat the property as qualified small
 212.2 business property and agree, in the form prescribed by the commissioner, to pay the
 212.3 recapture tax under subdivision 11, if applicable.

212.4 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 212.5 dying after June 30, 2011.

212.6 Sec. 23. Minnesota Statutes 2014, section 291.03, subdivision 11, is amended to read:

212.7 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and
 212.8 before the death of the qualified heir, the qualified heir disposes of any interest in the
 212.9 qualified property, other than by a disposition to a family member, or a family member
 212.10 ceases to satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an
 212.11 additional estate tax is imposed on the property. In the case of a sole proprietor, if the
 212.12 qualified heir replaces qualified small business property excluded under subdivision 9
 212.13 with similar property, then the qualified heir will not be treated as having disposed of an
 212.14 interest in the qualified property.

212.15 (b) The amount of the additional tax equals the amount of the exclusion claimed by
 212.16 the estate under subdivision 8, paragraph (d), multiplied by 16 percent.

212.17 (c) The additional tax under this subdivision is due on the day which is six months
 212.18 after the date of the disposition or cessation in paragraph (a).

212.19 (d) This subdivision shall not apply as a result of any of the following:

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

212.24 (2) a portion of qualified farm property classified as 2a property at the death of
 212.25 the decedent pursuant to section 273.13, subdivision 23, paragraph (a), consisting of a
 212.26 residence, garage, and immediately surrounding one acre of land is reclassified as 4bb
 212.27 property during the three-year holding period, and the qualified heir has not substantially
 212.28 altered the property.

212.29 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 212.30 dying after June 30, 2011.

212.31 Sec. 24. Minnesota Statutes 2014, section 291.031, is amended to read:

212.32 **291.031 CREDIT.**

213.1 (a) The estate of a nonresident decedent that is subject to tax under this chapter on
 213.2 the value of Minnesota situs property held in a pass-through entity is allowed a credit
 213.3 against the tax due under section 291.03 equal to the lesser of:

213.4 (1) the amount of estate or inheritance tax paid to another state that is attributable to
 213.5 the Minnesota situs property held in the pass-through entity; or

213.6 (2) the amount of tax ~~paid under this section~~ due under section 291.03 attributable to
 213.7 the Minnesota situs property held in the pass-through entity.

213.8 (b) The amount of tax attributable to the Minnesota situs property held in the
 213.9 pass-through entity must be determined by the increase in the estate or inheritance tax that
 213.10 results from including the market value of the property in the estate or treating the value
 213.11 as a taxable inheritance to the recipient of the property.

213.12 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 213.13 dying after December 31, 2013.

213.14 Sec. 25. **REPEALER.**

213.15 (a) Minnesota Rules, part 8092.1400, is repealed.

213.16 (b) Minnesota Rules, part 8092.2000, is repealed.

213.17 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after
 213.18 December 31, 2015, except that notifications from the Department of Revenue to
 213.19 employers regarding eligibility to file an annual return for taxes withheld in calendar year
 213.20 2016 remain in force. Paragraph (b) is effective the day following final enactment.

213.21 **ARTICLE 13**

213.22 **DEPARTMENT POLICY AND TECHNICAL PROVISIONS; SPECIAL** 213.23 **TAXES AND SALES TAXES**

213.24 Section 1. Minnesota Statutes 2014, section 69.021, subdivision 5, is amended to read:

213.25 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for
 213.26 apportionment, before the addition of the minimum fire state aid allocation amount under
 213.27 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state
 213.28 upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to
 213.29 the commissioner by insurers on the Minnesota Firetown Premium Report. This amount
 213.30 must be reduced by the amount required to pay the state auditor's costs and expenses of
 213.31 the audits or exams of the firefighters relief associations.

213.32 The total amount for apportionment in respect to fire state aid must not be less than
 213.33 two percent of the premiums reported to the commissioner by insurers on the Minnesota
 213.34 Firetown Premium Report after subtracting the following amounts:

214.1 (1) the amount required to pay the state auditor's costs and expenses of the audits or
 214.2 exams of the firefighters relief associations; and

214.3 (2) one percent of the premiums reported by ~~town and farmers'~~ township mutual
 214.4 insurance companies and mutual property and casualty companies with total assets of
 214.5 \$5,000,000 or less.

214.6 (b) The total amount for apportionment as police state aid is equal to 104 percent
 214.7 of the amount of premium taxes paid to the state on the premiums reported to the
 214.8 commissioner by insurers on the Minnesota Aid to Police Premium Report. The total
 214.9 amount for apportionment in respect to the police state aid program must not be less than
 214.10 two percent of the amount of premiums reported to the commissioner by insurers on the
 214.11 Minnesota Aid to Police Premium Report.

214.12 (c) The commissioner shall calculate the percentage of increase or decrease reflected
 214.13 in the apportionment over or under the previous year's available state aid using the same
 214.14 premiums as a basis for comparison.

214.15 (d) In addition to the amount for apportionment of police state aid under paragraph
 214.16 (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to
 214.17 pay this increase is annually appropriated from the general fund.

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

214.19 Sec. 2. Minnesota Statutes 2014, section 289A.38, subdivision 6, is amended to read:

214.20 Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed
 214.21 within 6-1/2 years after the due date of the return or the date the return was filed,
 214.22 whichever is later, if:

214.23 (1) the taxpayer omits from gross income an amount properly includable in it that is
 214.24 in excess of 25 percent of the amount of gross income stated in the return;

214.25 (2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a
 214.26 tax imposed under section 295.52, an amount of taxes in excess of 25 percent of the
 214.27 taxes reported in the return; or

214.28 (3) the taxpayer omits from the gross estate assets in excess of 25 percent of the
 214.29 gross estate reported in the return.

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

214.31 Sec. 3. Minnesota Statutes 2014, section 290.0922, subdivision 2, is amended to read:

214.32 Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed
 214.33 by this section:

- 215.1 (1) corporations exempt from tax under section 290.05;
- 215.2 (2) real estate investment trusts;
- 215.3 (3) regulated investment companies or a fund thereof; and
- 215.4 (4) entities having a valid election in effect under section 860D(b) of the Internal
215.5 Revenue Code;
- 215.6 (5) ~~town and farmers'~~ township mutual insurance companies;
- 215.7 (6) cooperatives organized under chapter 308A or 308B that provide housing
215.8 exclusively to persons age 55 and over and are classified as homesteads under section
215.9 273.124, subdivision 3; and
- 215.10 (7) a qualified business as defined under section 469.310, subdivision 11, if for the
215.11 taxable year all of its property is located in a job opportunity building zone designated
215.12 under section 469.314 and all of its payroll is a job opportunity building zone payroll
215.13 under section 469.310.

215.14 Entities not specifically exempted by this subdivision are subject to tax under this
215.15 section, notwithstanding section 290.05.

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

215.17 Sec. 4. Minnesota Statutes 2014, section 295.54, subdivision 2, is amended to read:

215.18 Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against
215.19 the total amount of tax, if any, the pharmacy owes during that calendar year under
215.20 section 295.52, subdivision 4. The refund shall equal the amount paid by the pharmacy
215.21 to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for
215.22 legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax
215.23 percentage specified in section 295.52, subdivision 3. If the amount of the refund exceeds
215.24 the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner
215.25 shall provide the pharmacy with a refund equal to the excess amount. Each qualifying
215.26 pharmacy must apply for the refund on the annual return as ~~provided under section~~
215.27 295.55, subdivision 5 prescribed by the commissioner, on or before March 15 of the year
215.28 following the calendar year the legend drugs were delivered outside Minnesota. The
215.29 ~~refund must be claimed within 18 months from the date the drugs were delivered outside~~
215.30 ~~of Minnesota shall not be allowed if the initial claim for refund is filed more than one year~~
215.31 after the original due date of the return. Interest on refunds paid under this subdivision
215.32 will begin to accrue 60 days after the date a claim for refund is filed. For purposes of this
215.33 subdivision, the date a claim is filed is the due date of the return if a return is due or the
215.34 date of the actual claim for refund, whichever is later.

216.1 **EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered
216.2 outside Minnesota after December 31, 2015.

216.3 Sec. 5. Minnesota Statutes 2014, section 296A.01, is amended by adding a subdivision
216.4 to read:

216.5 Subd. 9a. **Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage
216.6 facility" means a single property, or contiguous or adjacent properties used for a common
216.7 purpose and owned or operated by the same person, on or in which are located one or more
216.8 stationary tanks that are used singularly or in combination for the storage or containment
216.9 of more than 1,100 gallons of petroleum.

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

216.11 Sec. 6. Minnesota Statutes 2014, section 296A.01, subdivision 33, is amended to read:

216.12 Subd. 33. **Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel,
216.13 regardless of its composition or properties, used to propel a motor vehicle.

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

216.15 Sec. 7. Minnesota Statutes 2014, section 296A.01, subdivision 42, is amended to read:

216.16 Subd. 42. **Petroleum products.** "Petroleum products" means all of the products
216.17 defined in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

216.19 Sec. 8. Minnesota Statutes 2014, section 296A.07, subdivision 1, is amended to read:

216.20 Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline
216.21 blended with ethanol, and agricultural alcohol gasoline used in producing and generating
216.22 power for propelling motor vehicles used on the public highways of this state. The tax
216.23 is imposed on the first licensed distributor who received the product in Minnesota. For
216.24 purposes of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18,
216.25 20, 23, 24, 25, 32, and 34. The tax is payable at the time and in the form and manner
216.26 prescribed by the commissioner. The tax is payable at the rates specified in subdivision 3,
216.27 subject to the exceptions and reductions specified in section 296A.17.

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

216.29 Sec. 9. Minnesota Statutes 2014, section 297A.61, subdivision 10, is amended to read:

217.1 Subd. 10. **Tangible personal property.** (a) "Tangible personal property" means
 217.2 personal property that can be seen, weighed, measured, felt, or touched, or that is in any
 217.3 other manner perceptible to the senses. "Tangible personal property" includes, but is not
 217.4 limited to, electricity, water, gas, steam, and prewritten computer software.

217.5 (b) Tangible personal property does not include:

217.6 ~~(1) large ponderous machinery and equipment used in a business or production~~
 217.7 ~~activity which at common law would be considered to be real property;~~

217.8 ~~(2) (1) property which is subject to an ad valorem property tax;~~

217.9 ~~(3) (2) property described in section 272.02, subdivision 9, clauses (a) to (d);~~

217.10 ~~(4) (3) property described in section 272.03, subdivision 2, clauses (3) and (5); and~~

217.11 ~~(5) (4) specified digital products, or other digital products, transferred electronically.~~

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

217.13 Sec. 10. Minnesota Statutes 2014, section 297A.82, subdivision 4, is amended to read:

217.14 Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax
 217.15 imposed in this chapter to the extent provided.

217.16 (b) The purchase or use of aircraft previously registered in Minnesota by a
 217.17 corporation or partnership is exempt if the transfer constitutes a transfer within the
 217.18 meaning of section 351 or 721 of the Internal Revenue Code.

217.19 (c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer
 217.20 of an aircraft for which a commercial use permit has been issued pursuant to section
 217.21 360.654 is exempt, if the aircraft is resold while the permit is in effect.

217.22 (d) Air flight equipment when sold to, or purchased, stored, used, or consumed by
 217.23 airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes
 217.24 of this subdivision, "air flight equipment" includes airplanes and parts necessary for the
 217.25 repair and maintenance of such air flight equipment, and flight simulators, but does not
 217.26 include ~~airplanes~~ aircraft with a gross maximum takeoff weight of less than 30,000 pounds
 217.27 ~~that are used on intermittent or irregularly timed flights.~~

217.28 (e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined
 217.29 in section 360.511 and approved by the Federal Aviation Administration, and which the
 217.30 seller delivers to a purchaser outside Minnesota or which, without intermediate use, is
 217.31 shipped or transported outside Minnesota by the purchaser are exempt, but only if the
 217.32 purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter
 217.33 returned to a point within Minnesota, except in the course of interstate commerce or
 217.34 isolated and occasional use, and will be registered in another state or country upon its
 217.35 removal from Minnesota. This exemption applies even if the purchaser takes possession of

218.1 the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes
 218.2 for a period not to exceed ten days prior to removing the aircraft from this state.

218.3 (f) The sale or purchase of the following items that relate to aircraft operated under
 218.4 Federal Aviation Regulations, Parts 91 and 135, and associated installation charges:
 218.5 equipment and parts necessary for repair and maintenance of aircraft; and equipment
 218.6 and parts to upgrade and improve aircraft.

218.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 218.8 December 31, 2016.

218.9 Sec. 11. Minnesota Statutes 2014, section 297A.82, subdivision 4a, is amended to read:

218.10 Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and
 218.11 penalties, collected from the sale or purchase of an aircraft taxable under this chapter must
 218.12 be deposited in the state airports fund established in section 360.017. For purposes of this
 218.13 subdivision, "revenue" does not include the revenue, including interest and penalties,
 218.14 generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be
 218.15 deposited as provided under article XI, section 15, of the Minnesota Constitution.

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

218.17 Sec. 12. Minnesota Statutes 2014, section 297E.02, subdivision 7, is amended to read:

218.18 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal
 218.19 sanctions imposed by this chapter, a person, organization, or business entity possessing or
 218.20 selling a pull-tab, electronic pull-tab game, or tipboard upon which the tax imposed by
 218.21 this chapter has not been paid is liable for a tax of six percent of the ideal gross of each
 218.22 pull-tab, electronic pull-tab game, or tipboard. The tax on a partial deal must be assessed
 218.23 as if it were a full deal.

218.24 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person
 218.25 (1) not licensed by the board who conducts bingo, linked bingo, electronic linked bingo,
 218.26 raffles, or paddlewheel games, or (2) who conducts gambling prohibited under sections
 218.27 609.75 to 609.763, other than activities subject to tax under section 297E.03, is liable for a
 218.28 tax of six percent of the gross receipts from that activity.

218.29 (c) The tax ~~must~~ may be assessed by the commissioner. An assessment must be
 218.30 considered a jeopardy assessment or jeopardy collection as provided in section 270C.36.
 218.31 The commissioner shall assess the tax based on personal knowledge or information
 218.32 available to the commissioner. The commissioner shall mail to the taxpayer at the
 218.33 taxpayer's last known address, or serve in person, a written notice of the amount of tax,

219.1 demand its immediate payment, and, if payment is not immediately made, collect the tax
 219.2 by any method described in chapter 270C, except that the commissioner need not await the
 219.3 expiration of the times specified in chapter 270C. The tax assessed by the commissioner
 219.4 is presumed to be valid and correctly determined and assessed. The burden is upon the
 219.5 taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision
 219.6 does not apply to gambling that is exempt from taxation under subdivision 2.

219.7 (d) A person, organization, or business entity conducting gambling activity under
 219.8 this subdivision must file monthly tax returns with the commissioner, in the form required
 219.9 by the commissioner. The returns must be filed on or before the 20th day of the month
 219.10 following the month in which the gambling activity occurred. The tax imposed by this
 219.11 section is due and payable at the time when the returns are required to be filed.

219.12 (e) Notwithstanding any law to the contrary, neither the commissioner nor a public
 219.13 employee may reveal facts contained in a tax return filed with the commissioner of
 219.14 revenue as required by this subdivision, nor can any information contained in the report or
 219.15 return be used against the tax obligor in any criminal proceeding, unless independently
 219.16 obtained, except in connection with a proceeding involving taxes due under this section,
 219.17 or as provided in section 270C.055, subdivision 1. However, this paragraph does not
 219.18 prohibit the commissioner from publishing statistics that do not disclose the identity of
 219.19 tax obligors or the contents of particular returns or reports. Any person violating this
 219.20 paragraph is guilty of a gross misdemeanor.

219.21 **EFFECTIVE DATE.** This section is effective for games played or purchased after
 219.22 June 30, 2016.

219.23 Sec. 13. Minnesota Statutes 2014, section 297H.06, subdivision 2, is amended to read:

219.24 Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed
 219.25 municipal solid waste or upon the volume of nonmixed municipal solid waste for waste
 219.26 management services to manage the following materials:

219.27 (1) mixed municipal solid waste and nonmixed municipal solid waste generated
 219.28 outside of Minnesota;

219.29 (2) recyclable materials that are separated for recycling by the generator, collected
 219.30 separately from other waste, and recycled, to the extent the price of the service for
 219.31 handling recyclable material is separately itemized on a bill to the generator;

219.32 (3) recyclable nonmixed municipal solid waste that is separated for recycling by
 219.33 the generator, collected separately from other waste, delivered to a waste facility for the
 219.34 purpose of recycling, and recycled;

220.1 (4) industrial waste, when it is transported to a facility owned and operated by
 220.2 the same person that generated it;

220.3 (5) mixed municipal solid waste from a recycling facility that separates or processes
 220.4 recyclable materials and reduces the volume of the waste by at least 85 percent, provided
 220.5 that the exempted waste is managed separately from other waste;

220.6 (6) recyclable materials that are separated from mixed municipal solid waste by the
 220.7 generator, collected and delivered to a waste facility that recycles at least 85 percent of its
 220.8 waste, and are collected with mixed municipal solid waste that is segregated in leakproof
 220.9 bags, provided that the mixed municipal solid waste does not exceed five percent of the
 220.10 total weight of the materials delivered to the facility and is ultimately delivered to a waste
 220.11 facility identified as a preferred waste management facility in county solid waste plans
 220.12 under section 115A.46;

220.13 (7) source-separated compostable waste materials, if the ~~waste is~~ materials are
 220.14 delivered to a facility exempted as described in this clause. To initially qualify for an
 220.15 exemption, a facility must apply for an exemption in its application for a new or amended
 220.16 solid waste permit to the Pollution Control Agency. The first time a facility applies to the
 220.17 agency it must certify in its application that it will comply with the criteria in items (i) to (v)
 220.18 and the commissioner of the agency shall so certify to the commissioner of revenue who
 220.19 must grant the exemption. The facility must annually apply to the agency for certification
 220.20 to renew its exemption for the following year. The application must be filed according to
 220.21 the procedures of, and contain the information required by, the agency. The commissioner
 220.22 of revenue shall grant the exemption if the commissioner of the Pollution Control Agency
 220.23 finds and certifies to the commissioner of revenue that based on an evaluation of the
 220.24 composition of incoming waste and residuals and the quality and use of the product:

220.25 (i) generators separate materials at the source;

220.26 (ii) the separation is performed in a manner appropriate to the technology specific
 220.27 to the facility that:

220.28 (A) maximizes the quality of the product;

220.29 (B) minimizes the toxicity and quantity of ~~residuals~~ rejects; and

220.30 (C) provides an opportunity for significant improvement in the environmental
 220.31 efficiency of the operation;

220.32 (iii) the operator of the facility educates generators, in coordination with each county
 220.33 using the facility, about separating the waste to maximize the quality of the waste stream
 220.34 for technology specific to the facility;

220.35 (iv) process ~~residuals~~ rejects do not exceed 15 percent of the weight of the total
 220.36 material delivered to the facility; and

- 221.1 (v) the final product is accepted for use;
- 221.2 (8) waste and waste by-products for which the tax has been paid; and
- 221.3 (9) daily cover for landfills that has been approved in writing by the Minnesota
- 221.4 Pollution Control Agency.

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

221.6 Sec. 14. Minnesota Statutes 2014, section 297I.05, subdivision 2, is amended to read:

221.7 Subd. 2. ~~Town and farmers'~~ **Township mutual insurance.** A tax is imposed on

221.8 ~~town and farmers'~~ township mutual insurance companies. The rate of tax is equal to one

221.9 percent of gross premiums less return premiums on all direct business received by the

221.10 insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

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

221.12 Sec. 15. Minnesota Statutes 2014, section 297I.10, subdivision 1, is amended to read:

221.13 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct

221.14 a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross

221.15 premiums, less return premiums, on all direct business received by any licensed foreign or

221.16 domestic fire insurance company on property in a city of the first class, or by its agents for

221.17 it, in cash or otherwise.

221.18 (b) By July 31 and December 31 of each year, the commissioner ~~of management~~

221.19 ~~and budget~~ shall pay to each city of the first class a warrant for an amount equal to the

221.20 total amount of the surcharge on the premiums collected within that city since the previous

221.21 payment.

221.22 (c) The treasurer of the city shall place the money received under this subdivision

221.23 in a special account or fund to defray all or a portion of the employer contribution

221.24 requirement of public employees police and fire plan coverage for city firefighters.

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

221.26 Sec. 16. Minnesota Statutes 2014, section 297I.10, subdivision 3, is amended to read:

221.27 Subd. 3. **Appropriation.** The amount necessary to make the payments required

221.28 under this section is appropriated to the commissioner ~~of management and budget~~ from

221.29 the general fund.

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

222.1 Sec. 17. Minnesota Statutes 2014, section 298.01, subdivision 3b, is amended to read:

222.2 Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under
 222.3 subdivision 3, the deductions from gross income include only those expenses necessary
 222.4 to convert raw ores to marketable quality. Such expenses include costs associated with
 222.5 refinement but do not include expenses such as transportation, stockpiling, marketing, or
 222.6 marine insurance that are incurred after marketable ores are produced, unless the expenses
 222.7 are included in gross income. The allowable deductions from a mine or plant that mines
 222.8 and produces more than one mineral, metal, or energy resource must be determined
 222.9 separately for the purposes of computing the deduction in section 290.01, subdivision 19c,
 222.10 clause (8). These deductions may be combined on one occupation tax return to arrive at
 222.11 the deduction from gross income for all production.

222.12 (b) The provisions of section 290.01, subdivisions 19c, clauses (6) and (8), and 19d,
 222.13 clauses (6) and ~~(9)~~ (8), are not used to determine taxable income.

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

222.15 Sec. 18. Minnesota Statutes 2014, section 298.01, subdivision 4c, is amended to read:

222.16 Subd. 4c. **Special deductions; net operating loss.** (a) For purposes of determining
 222.17 taxable income under subdivision 4, the provisions of section 290.01, subdivisions 19c,
 222.18 clauses (6) and (8), and 19d, clauses (6) and ~~(9)~~ (8), are not used to determine taxable
 222.19 income.

222.20 (b) ~~The amount of net operating loss incurred in a taxable year beginning before~~
 222.21 ~~January 1, 1990, that may be carried over to a taxable year beginning after December 31,~~
 222.22 ~~1989, is the amount of net operating loss carryover determined in the calculation of the~~
 222.23 ~~hypothetical corporate franchise tax under Minnesota Statutes 1988, sections 298.40~~
 222.24 ~~and 298.402.~~

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

222.26

ARTICLE 14

222.27

DEPARTMENT OF REVENUE TECHNICAL AND POLICY; PROPERTY TAX PROVISIONS

222.28

222.29 Section 1. Minnesota Statutes 2014, section 13.51, subdivision 2, is amended to read:

222.30 Subd. 2. **Income property assessment data.** The following data collected by
 222.31 political subdivisions and the state from individuals or business entities concerning
 222.32 income properties are classified as private or nonpublic data pursuant to section 13.02,
 222.33 subdivisions 9 and 12:

222.34 (a) detailed income and expense figures;

- 223.1 (b) average vacancy factors;
- 223.2 (c) verified net rentable areas or net usable areas, whichever is appropriate;
- 223.3 (d) anticipated income and expenses;
- 223.4 (e) projected vacancy factors; and
- 223.5 (f) lease information.

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

223.7 Sec. 2. Minnesota Statutes 2014, section 270.071, subdivision 2, is amended to read:

223.8 Subd. 2. **Air commerce.** ~~(a)~~ "Air commerce" means the transportation by aircraft
 223.9 of persons or property for hire in interstate, intrastate, or international transportation
 223.10 on regularly scheduled flights or on intermittent or irregularly timed flights by airline
 223.11 companies and includes transportation by any airline company making three or more
 223.12 flights in or out of Minnesota, or within Minnesota, during a calendar year.

223.13 ~~(b) "Air commerce" includes but is not limited to an intermittent or irregularly timed~~
 223.14 ~~flight, a flight arranged at the convenience of an airline and the person contracting for the~~
 223.15 ~~transportation, or a charter flight. It includes any airline company making three or more~~
 223.16 ~~flights in or out of Minnesota during a calendar year.~~

223.17 ~~(c) "Air commerce" does not include casual transportation for hire by aircraft~~
 223.18 ~~commonly owned and used for private air flight purposes if the person furnishing the~~
 223.19 ~~transportation does not hold out to be engaged regularly in transportation for hire.~~

223.20 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 223.21 thereafter.

223.22 Sec. 3. Minnesota Statutes 2014, section 270.071, subdivision 7, is amended to read:

223.23 Subd. 7. **Flight property.** "Flight property" means all aircraft and flight equipment
 223.24 used in connection therewith, including spare flight equipment. Flight property also
 223.25 includes computers and computer software used in operating, controlling, or regulating
 223.26 aircraft and flight equipment. Flight property does not include aircraft with a maximum
 223.27 takeoff weight of less than 30,000 pounds.

223.28 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 223.29 thereafter.

223.30 Sec. 4. Minnesota Statutes 2014, section 270.071, subdivision 8, is amended to read:

223.31 Subd. 8. **Person.** "Person" means any an individual, ~~corporation, firm,~~
 223.32 ~~copartnership, company, or association, and includes any guardian, trustee, executor,~~

224.1 ~~administrator, receiver, conservator, or any person acting in any fiduciary capacity therefor~~
 224.2 ~~trust, estate, fiduciary, partnership, company, corporation, limited liability company,~~
 224.3 ~~association, governmental unit or agency, public or private organization of any kind,~~
 224.4 ~~or other legal entity.~~

224.5 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 224.6 thereafter.

224.7 Sec. 5. Minnesota Statutes 2014, section 270.071, is amended by adding a subdivision
 224.8 to read:

224.9 Subd. 10. **Intermittent or irregularly timed flights.** "Intermittently or irregularly
 224.10 timed flights" means any flight in which the departure time, departure location, and arrival
 224.11 location are specifically negotiated with the customer or the customer's representative,
 224.12 including but not limited to charter flights.

224.13 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 224.14 thereafter.

224.15 Sec. 6. Minnesota Statutes 2014, section 270.072, subdivision 2, is amended to read:

224.16 Subd. 2. **Assessment of flight property.** Flight property that is owned by, or is
 224.17 leased, loaned, or otherwise made available to an airline company operating in Minnesota
 224.18 shall be assessed and appraised annually by the commissioner with reference to its value
 224.19 on January 2 of the assessment year in the manner prescribed by sections 270.071 to
 224.20 270.079. ~~Aircraft with a gross weight of less than 30,000 pounds and used on intermittent~~
 224.21 ~~or irregularly timed flights shall be excluded from the provisions of sections 270.071 to~~
 224.22 ~~270.079.~~

224.23 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 224.24 thereafter.

224.25 Sec. 7. Minnesota Statutes 2014, section 270.072, subdivision 3, is amended to read:

224.26 Subd. 3. **Report by airline company.** (a) Each year, on or before July 1, every
 224.27 airline company engaged in air commerce in this state shall file with the commissioner a
 224.28 report under oath setting forth specifically the information prescribed by the commissioner
 224.29 to enable the commissioner to make the assessment required in sections 270.071 to
 224.30 270.079, unless the commissioner determines that the airline company ~~or person should be~~
 224.31 ~~excluded from~~ is exempt from filing because its activities do not constitute air commerce
 224.32 as defined herein.

225.1 (b) The commissioner shall prescribe the content, format, and manner of the report
 225.2 pursuant to section 270C.30, except that a "law administered by the commissioner"
 225.3 includes the property tax laws. If a report is made by electronic means, the taxpayer's
 225.4 signature is defined pursuant to section 270C.304, except that a "law administered by the
 225.5 commissioner" includes the property tax laws.

225.6 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for reports
 225.7 filed in 2017 and thereafter. The amendment adding paragraph (b) is effective the day
 225.8 following final enactment.

225.9 Sec. 8. Minnesota Statutes 2014, section 270.072, is amended by adding a subdivision
 225.10 to read:

225.11 Subd. 3a. **Commissioner filed reports.** If an airline company fails to file a report
 225.12 required by subdivision 3, the commissioner may, from information in the commissioner's
 225.13 possession or obtainable by the commissioner, make and file a report for the airline
 225.14 company, or may issue a notice of net tax capacity and tax under section 270.075,
 225.15 subdivision 2.

225.16 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 225.17 thereafter.

225.18 Sec. 9. Minnesota Statutes 2014, section 270.12, is amended by adding a subdivision
 225.19 to read:

225.20 Subd. 6. **Reassessment orders.** If the State Board of Equalization determines that a
 225.21 considerable amount of property has been undervalued or overvalued compared to like
 225.22 property such that the assessment is grossly unfair or inequitable, the State Board of
 225.23 Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders
 225.24 to the county assessor to reassess all or any part of a parcel in a county.

225.25 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 225.26 thereafter.

225.27 Sec. 10. Minnesota Statutes 2014, section 270C.89, subdivision 1, is amended to read:

225.28 Subdivision 1. **Initial report.** Each county assessor shall file by April 1 with the
 225.29 commissioner a copy of the abstract that will be acted upon by the local and county
 225.30 boards of review. The abstract must list the real and personal property in the county
 225.31 itemized by assessment districts. The assessor of each county in the state shall file with
 225.32 the commissioner, within ten working days following final action of the local board of

226.1 review or equalization and within five days following final action of the county board of
 226.2 equalization, any changes made by the local or county board. The information must be
 226.3 filed in the manner prescribed by the commissioner. ~~It must be accompanied by a printed~~
 226.4 ~~or typewritten copy of the proceedings of the appropriate board.~~

226.5 **EFFECTIVE DATE.** This section is effective for county boards of appeal and
 226.6 equalization meetings held in 2017 and thereafter.

226.7 Sec. 11. Minnesota Statutes 2014, section 272.02, subdivision 9, is amended to read:

226.8 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property
 226.9 enumerated below, all personal property and the property described in section 272.03,
 226.10 subdivision 1, paragraphs (c) and (d), shall be exempt.

226.11 The following personal property shall be taxable:

226.12 (a) personal property which is part of (1) an electric generating, transmission, or
 226.13 distribution system ~~or~~; (2) a pipeline system transporting or distributing ~~water, gas, crude~~
 226.14 ~~oil, or petroleum~~ products; or (3) mains and pipes used in the distribution of steam or hot
 226.15 or chilled water for heating or cooling buildings and structures;

226.16 (b) railroad docks and wharves which are part of the operating property of a railroad
 226.17 company as defined in section 270.80;

226.18 (c) personal property defined in section 272.03, subdivision 2, clause (3);

226.19 (d) leasehold or other personal property interests which are taxed pursuant to section
 226.20 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law
 226.21 providing the property is taxable as if the lessee or user were the fee owner;

226.22 (e) manufactured homes and sectional structures, including storage sheds, decks,
 226.23 and similar removable improvements constructed on the site of a manufactured home,
 226.24 sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision
 226.25 8, paragraph (f); and

226.26 (f) flight property as defined in section 270.071.

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

226.28 Sec. 12. Minnesota Statutes 2014, section 272.029, subdivision 2, is amended to read:

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

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

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

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

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

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

227.15 (1) located within five miles of the wind energy conversion system;

227.16 (2) constructed within the same ~~calendar year~~ 12-month period as the wind energy
 227.17 conversion system; and

227.18 (3) under common ownership.

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

227.21 (c) In making a determination under paragraph (b), the commissioner of commerce
 227.22 may determine that two wind energy conversion systems are under common ownership
 227.23 when the underlying ownership structure contains similar persons or entities, even if the
 227.24 ownership shares differ between the two systems. Wind energy conversion systems are
 227.25 not under common ownership solely because the same person or entity provided equity
 227.26 financing for the systems.

227.27 **EFFECTIVE DATE.** This section is effective for reports filed in 2017 and thereafter.

227.28 Sec. 13. Minnesota Statutes 2014, section 272.029, is amended by adding a subdivision
 227.29 to read:

227.30 **Subd. 8. Extension.** The commissioner may, for good cause, extend the time for
 227.31 filing the report required by subdivision 4. The extension must not exceed 15 days.

227.32 **EFFECTIVE DATE.** This section is effective for reports filed in 2017 and thereafter.

227.33 Sec. 14. Minnesota Statutes 2014, section 273.032, is amended to read:

228.1 **273.032 MARKET VALUE DEFINITION.**

228.2 (a) Unless otherwise provided, for the purpose of determining any property tax
 228.3 levy limitation based on market value or any limit on net debt, the issuance of bonds,
 228.4 certificates of indebtedness, or capital notes based on market value, any qualification to
 228.5 receive state aid based on market value, or any state aid amount based on market value,
 228.6 the terms "market value," "estimated market value," and "market valuation," whether
 228.7 equalized or unequalized, mean the estimated market value of taxable property within the
 228.8 local unit of government before any of the following or similar adjustments for:

228.9 (1) the market value exclusions under:

228.10 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

228.11 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

228.12 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business
 228.13 properties);

228.14 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

228.15 ~~(v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);~~

228.16 ~~(vi)~~ (v) section 273.13, subdivision 34 (homestead of a disabled veteran or family
 228.17 caregiver); or

228.18 ~~(vii)~~ (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

228.19 (2) the deferment of value under:

228.20 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

228.21 (ii) the Aggregate Resource Preservation Law, section 273.1115;

228.22 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

228.23 (iv) the rural preserves property tax program, section 273.114; or

228.24 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

228.25 (3) the adjustments to tax capacity for:

228.26 (i) tax increment financing under sections 469.174 to 469.1794;

228.27 (ii) fiscal disparities under chapter 276A or 473F; or

228.28 (iii) powerline credit under section 273.425.

228.29 (b) Estimated market value under paragraph (a) also includes the market value
 228.30 of tax-exempt property if the applicable law specifically provides that the limitation,
 228.31 qualification, or aid calculation includes tax-exempt property.

228.32 (c) Unless otherwise provided, "market value," "estimated market value," and
 228.33 "market valuation" for purposes of property tax levy limitations and calculation of state
 228.34 aid, refer to the estimated market value for the previous assessment year and for purposes
 228.35 of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes
 228.36 refer to the estimated market value as last finally equalized.

229.1 (d) For purposes of a provision of a home rule charter or of any special law that is not
 229.2 codified in the statutes and that imposes a levy limitation based on market value or any limit
 229.3 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
 229.4 value, the terms "market value," "taxable market value," and "market valuation," whether
 229.5 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

229.7 Sec. 15. Minnesota Statutes 2014, section 273.061, subdivision 7, is amended to read:

229.8 Subd. 7. **Division of duties between local and county assessor.** The duty of the
 229.9 duly appointed local assessor shall be to view and appraise the value of all property as
 229.10 provided by law, but all the book work shall be done by the county assessor, or the
 229.11 assessor's assistants, and the value of all property subject to assessment and taxation shall
 229.12 be determined by the county assessor, except as otherwise hereinafter provided. If directed
 229.13 by the county assessor, the local assessor ~~shall~~ must perform the duties enumerated in
 229.14 subdivision 8, clause (16), and must enter construction and valuation data into the records
 229.15 in the manner prescribed by the county assessor.

229.16 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 229.17 thereafter.

229.18 Sec. 16. Minnesota Statutes 2014, section 273.08, is amended to read:

229.19 **273.08 ASSESSOR'S DUTIES.**

229.20 The assessor shall actually view, and determine the market value of each tract or lot
 229.21 of real property listed for taxation, including the value of all improvements and structures
 229.22 thereon, at maximum intervals of five years and shall enter the value opposite each
 229.23 description. When directed by the county assessor, local assessors must enter construction
 229.24 and valuation data into the records in the manner prescribed by the county assessor.

229.25 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 229.26 thereafter.

229.27 Sec. 17. Minnesota Statutes 2014, section 273.121, is amended by adding a subdivision
 229.28 to read:

229.29 Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers
 229.30 of a county assessor, who does not comply with the timely notice requirement under
 229.31 subdivision 1 must:

230.1 (1) mail an additional valuation notice to each person who was not provided timely
 230.2 notice; and

230.3 (2) convene a supplemental local board of appeal and equalization or local review
 230.4 session no sooner than ten days after sending the additional notices required by clause (1).

230.5 **EFFECTIVE DATE.** This section is effective for valuation notices sent in 2017
 230.6 and thereafter.

230.7 Sec. 18. Minnesota Statutes 2014, section 273.13, subdivision 22, is amended to read:

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

230.13 The first \$500,000 of market value of class 1a property has a net classification rate
 230.14 of one percent of its market value; and the market value of class 1a property that exceeds
 230.15 \$500,000 has a classification rate of 1.25 percent of its market value.

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

230.18 (1) any person who is blind as defined in section 256D.35, or the blind person and
 230.19 the blind person's spouse;

230.20 (2) any person who is permanently and totally disabled or by the disabled person and
 230.21 the disabled person's spouse; or

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

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

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

230.31 Permanently and totally disabled for the purpose of this subdivision means a
 230.32 condition which is permanent in nature and totally incapacitates the person from working
 230.33 at an occupation which brings the person an income. The first \$50,000 market value of
 230.34 class 1b property has a net classification rate of .45 percent of its market value. The

231.1 remaining market value of class 1b property ~~has a classification rate using the rates for~~ is
231.2 classified as class 1a or class 2a property, whichever is appropriate, ~~of similar market value.~~

231.3 (c) Class 1c property is commercial use real and personal property that abuts public
231.4 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and
231.5 seasonal residential occupancy for recreational purposes but not devoted to commercial
231.6 purposes for more than 250 days in the year preceding the year of assessment, and that
231.7 includes a portion used as a homestead by the owner, which includes a dwelling occupied
231.8 as a homestead by a shareholder of a corporation that owns the resort, a partner in a
231.9 partnership that owns the resort, or a member of a limited liability company that owns the
231.10 resort even if the title to the homestead is held by the corporation, partnership, or limited
231.11 liability company. For purposes of this paragraph, property is devoted to a commercial
231.12 purpose on a specific day if any portion of the property, excluding the portion used
231.13 exclusively as a homestead, is used for residential occupancy and a fee is charged for
231.14 residential occupancy. Class 1c property must contain three or more rental units. A "rental
231.15 unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping
231.16 site equipped with water and electrical hookups for recreational vehicles. Class 1c property
231.17 must provide recreational activities such as the rental of ice fishing houses, boats and
231.18 motors, snowmobiles, downhill or cross-country ski equipment; provide marina services,
231.19 launch services, or guide services; or sell bait and fishing tackle. Any unit in which the
231.20 right to use the property is transferred to an individual or entity by deeded interest, or the
231.21 sale of shares or stock, no longer qualifies for class 1c even though it may remain available
231.22 for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c
231.23 is also class 1c, regardless of the term of the rental agreement, as long as the use of the
231.24 camping pad does not exceed 250 days. If the same owner owns two separate parcels that
231.25 are located in the same township, and one of those properties is classified as a class 1c
231.26 property and the other would be eligible to be classified as a class 1c property if it was
231.27 used as the homestead of the owner, both properties will be assessed as a single class 1c
231.28 property; for purposes of this sentence, properties are deemed to be owned by the same
231.29 owner if each of them is owned by a limited liability company, and both limited liability
231.30 companies have the same membership. The portion of the property used as a homestead
231.31 is class 1a property under paragraph (a). The remainder of the property is classified as
231.32 follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value
231.33 is tier II, and any remaining market value is tier III. The classification rates for class 1c
231.34 are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and
231.35 personal property devoted to temporary and seasonal residential occupancy for recreation
231.36 purposes in which all or a portion of the property was devoted to commercial purposes for

232.1 not more than 250 days in the year preceding the year of assessment desiring classification
 232.2 as class 1c, must submit a declaration to the assessor designating the cabins or units
 232.3 occupied for 250 days or less in the year preceding the year of assessment by January 15 of
 232.4 the assessment year. Those cabins or units and a proportionate share of the land on which
 232.5 they are located must be designated as class 1c as otherwise provided. The remainder of
 232.6 the cabins or units and a proportionate share of the land on which they are located must be
 232.7 designated as class 3a commercial. The owner of property desiring designation as class
 232.8 1c property must provide guest registers or other records demonstrating that the units for
 232.9 which class 1c designation is sought were not occupied for more than 250 days in the
 232.10 year preceding the assessment if so requested. The portion of a property operated as a
 232.11 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
 232.12 nonresidential facility operated on a commercial basis not directly related to temporary
 232.13 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

232.25 The market value of class 1d property has the same classification rates as class
 232.26 1a property under paragraph (a).

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

232.28 Sec. 19. Minnesota Statutes 2014, section 273.33, subdivision 1, is amended to read:

232.29 Subdivision 1. **Listing and assessment in county.** The personal property of express,
 232.30 stage and transportation companies, and of pipeline companies engaged in the business
 232.31 of transporting ~~natural gas, gasoline, crude oil, or other petroleum products,~~ except as
 232.32 otherwise provided by law, shall be listed and assessed in the county, town or district
 232.33 where the same is usually kept.

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

233.1 Sec. 20. Minnesota Statutes 2014, section 273.33, subdivision 2, is amended to read:

233.2 Subd. 2. **Listing and assessment by commissioner.** The personal property,
 233.3 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of
 233.4 pipeline companies and others engaged in the operations or business of transporting
 233.5 ~~natural gas, gasoline, crude oil, or other petroleum~~ products by pipelines, shall be listed
 233.6 with and assessed by the commissioner of revenue and the values provided to the
 233.7 city or county assessor by order. This subdivision shall not apply to the assessment of
 233.8 the products transported through the pipelines nor to the lines of local commercial gas
 233.9 companies engaged primarily in the business of distributing gas products to consumers at
 233.10 retail nor to pipelines used by the owner thereof to supply ~~natural gas or other petroleum~~
 233.11 products exclusively for such owner's own consumption and not for resale to others. If
 233.12 more than 85 percent of the ~~natural gas or other petroleum~~ products actually transported
 233.13 over the pipeline is used for the owner's own consumption and not for resale to others,
 233.14 then this subdivision shall not apply; provided, however, that in that event, the pipeline
 233.15 shall be assessed in proportion to the percentage of gas products actually transported over
 233.16 such pipeline that is not used for the owner's own consumption. On or before August 1,
 233.17 the commissioner shall certify to the auditor of each county, the amount of such personal
 233.18 property assessment against each company in each district in which such property is
 233.19 located. If the commissioner determines that the amount of personal property assessment
 233.20 certified on or before August 1 is in error, the commissioner may issue a corrected
 233.21 certification on or before October 1. The commissioner may correct errors that are merely
 233.22 clerical in nature until December 31.

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

233.24 Sec. 21. Minnesota Statutes 2014, section 273.372, subdivision 1, is amended to read:

233.25 Subdivision 1. **Scope.** (a) As provided in this section, an appeal by a utility or
 233.26 railroad company concerning property for which the commissioner of revenue has provided
 233.27 the city or county assessor with valuations by order, or for which the commissioner
 233.28 has recommended values to the city or county assessor, must be brought against the
 233.29 commissioner, and ~~not against~~ the county or taxing district where the property is located.
 233.30 Service must be made on the commissioner only, and not on the county or taxing district.

233.31 (b) This section governs administrative appeals and appeals to court of a claim that
 233.32 utility or railroad operating property has been partially, unfairly, or unequally assessed,
 233.33 or assessed at a valuation greater than its real or actual value, misclassified, or that the
 233.34 property is exempt. This section applies only to property described in sections 270.81,
 233.35 subdivision 1, 273.33, 273.35, 273.36, and 273.37, and only with regard to taxable net tax

234.1 capacities that have been provided to the city or county by the commissioner and which
234.2 have not been changed by city or county. If the taxable net tax capacity being appealed is
234.3 not the taxable net tax capacity established by the commissioner, or if the appeal claims
234.4 that the tax rate applied against the parcel is incorrect, or that the tax has been paid, this
234.5 section does not apply.

234.6 **EFFECTIVE DATE.** This section is effective for appeals of valuations made in
234.7 assessment year 2017 and thereafter.

234.8 Sec. 22. Minnesota Statutes 2014, section 273.372, subdivision 2, is amended to read:

234.9 Subd. 2. **Contents and filing of petition.** (a) In all appeals to court that are required
234.10 to be brought against the commissioner under this section, the petition initiating the appeal
234.11 must be served on the commissioner and must be filed with the Tax Court in Ramsey
234.12 County, as provided in paragraph (b) or (c).

234.13 (b) If the appeal to court is from an order of the commissioner, it must be brought
234.14 under chapter 271 and filed within the time period prescribed in section 271.06,
234.15 subdivision 2, except that when the provisions of this section conflict with chapter
234.16 271 or 278, this section prevails. In addition, the petition must include all the parcels
234.17 encompassed by that order which the petitioner claims have been partially, unfairly,
234.18 or unequally assessed, assessed at a valuation greater than their real or actual value,
234.19 misclassified, or are exempt. For this purpose, an order of the commissioner is either (1) a
234.20 certification or notice of value by the commissioner for property described in subdivision
234.21 1, or (2) the final determination by the commissioner of either an administrative appeal
234.22 conference or informal administrative appeal described in subdivision 4.

234.23 (c) If the appeal is from the tax that results from implementation of the
234.24 commissioner's order, certification, or recommendation, it must be brought under
234.25 chapter 278, and the provisions in that chapter apply, except that service shall be on the
234.26 commissioner only and not on the local officials specified in section 278.01, subdivision 1,
234.27 and if any other provision of this section conflicts with chapter 278, this section prevails.
234.28 In addition, the petition must include either all the utility parcels or all the railroad parcels
234.29 in the state in which the petitioner claims an interest and which the petitioner claims have
234.30 been partially, unfairly, or unequally assessed, assessed at a valuation greater than their
234.31 real or actual value, misclassified, or are exempt.

234.32 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
234.33 thereafter.

235.1 Sec. 23. Minnesota Statutes 2014, section 273.372, subdivision 4, is amended to read:

235.2 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under
 235.3 section 270.82 or 273.371 by the date specified in that section, or by the date specified
 235.4 by the commissioner in an extension, may appeal administratively to the commissioner
 235.5 prior to bringing an action in court.

235.6 (b) Companies ~~that must submit reports under section 270.82 must submit~~ file a
 235.7 written request ~~to for an appeal with the commissioner for a conference~~ within ~~ten~~ 30
 235.8 days after the notice date of the commissioner's valuation certification or other notice
 235.9 to the company, ~~or by June 15, whichever is earlier.~~ For purposes of this section, the
 235.10 term "notice date" means the date of the valuation certification, commissioner's order,
 235.11 recommendation, or other notice.

235.12 (c) ~~Companies that submit reports under section 273.371 must submit a written~~
 235.13 ~~request to the commissioner for a conference within ten days after the date of the~~
 235.14 ~~commissioner's valuation certification or notice to the company, or by July 1, whichever~~
 235.15 ~~is earlier.~~ The appeal need not be in any particular form but must contain the following
 235.16 information:

- 235.17 (1) name and address of the company;
 235.18 (2) the date;
 235.19 (3) its Minnesota identification number;
 235.20 (4) the assessment year or period involved;
 235.21 (5) the findings in the valuation that the company disputes;
 235.22 (6) a summary statement specifying its reasons for disputing each item; and
 235.23 (7) the signature of the company's duly authorized agent or representative.

235.24 (d) When requested in writing and within the time allowed for filing an
 235.25 administrative appeal, the commissioner may extend the time for filing an appeal for a
 235.26 period of not more than 15 days from the expiration of the time for filing the appeal.

235.27 ~~(d)~~ (e) The commissioner shall conduct the conference either in person or by
 235.28 telephone upon the commissioner's entire files and records and such further information as
 235.29 may be offered. The conference must be held no later than 20 days after the date of the
 235.30 ~~commissioner's valuation certification or notice to the company, or by the date specified~~
 235.31 ~~by the commissioner in an extension~~ request for an appeal. Within ~~60~~ 30 days after the
 235.32 conference the commissioner shall make a final determination of the matter and shall
 235.33 notify the company promptly of the determination. The conference is not a contested
 235.34 case hearing subject to chapter 14.

235.35 ~~(e)~~ (e) In addition to the opportunity for a conference under paragraph (a), the
 235.36 commissioner shall also provide the railroad and utility companies the opportunity to

236.1 ~~discuss any questions or concerns relating to the values established by the commissioner~~
 236.2 ~~through certification or notice in a less formal manner. This does not change or modify~~
 236.3 ~~the deadline for requesting a conference under paragraph (a), the deadline in section~~
 236.4 ~~271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for~~
 236.5 ~~appealing property taxes in court.~~

236.6 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 236.7 thereafter.

236.8 Sec. 24. Minnesota Statutes 2014, section 273.372, is amended by adding a subdivision
 236.9 to read:

236.10 **Subd. 5. Agreement determining valuation.** When it appears to be in the best
 236.11 interest of the state, the commissioner may settle any matter under consideration regarding
 236.12 an appeal filed under this section. The agreement must be in writing and signed by
 236.13 the commissioner and the company or the company's authorized representative. The
 236.14 agreement is final and conclusive, and except upon a showing of fraud, malfeasance,
 236.15 or misrepresentation of a material fact, the case may not be reopened as to the matters
 236.16 agreed upon.

236.17 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and
 236.18 thereafter.

236.19 Sec. 25. Minnesota Statutes 2014, section 273.372, is amended by adding a subdivision
 236.20 to read:

236.21 **Subd. 6. Dismissal of administrative appeal.** If a taxpayer files an administrative
 236.22 appeal from an order of the commissioner and also files an appeal to the tax court for
 236.23 that same order of the commissioner, the administrative appeal is dismissed and the
 236.24 commissioner is no longer required to make the determination of appeal under subdivision
 236.25 4.

236.26 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2016.

236.27 Sec. 26. **[273.88] EQUALIZATION OF PUBLIC UTILITY STRUCTURES.**

236.28 After making the apportionment provided in Minnesota Rules, part 8100.0600, the
 236.29 commissioner must equalize the values of the operating structures to the level accepted by
 236.30 the State Board of Equalization if the appropriate sales ratio for each county, as conducted
 236.31 by the Department of Revenue pursuant to section 270.12, subdivision 2, clause (6), is
 236.32 outside the range accepted by the State Board of Equalization. The commissioner must

237.1 not equalize the value of the operating structures if the sales ratio determined pursuant to
 237.2 this subdivision is within the range accepted by the State Board of Equalization.

237.3 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2016.

237.4 Sec. 27. Minnesota Statutes 2014, section 274.01, subdivision 1, is amended to read:

237.5 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
 237.6 board of a town, or the council or other governing body of a city, is the local board
 237.7 of appeal and equalization except (1) in cities whose charters provide for a board of
 237.8 equalization or (2) in any city or town that has transferred its local board of review power
 237.9 and duties to the county board as provided in subdivision 3. The county assessor shall
 237.10 fix a day and time when ~~the board~~ or the local board of equalization shall meet in the
 237.11 assessment districts of the county. Notwithstanding any law or city charter to the contrary,
 237.12 a city board of equalization shall be referred to as a local board of appeal and equalization.
 237.13 On or before February 15 of each year the assessor shall give written notice of the time
 237.14 to the city or town clerk. Notwithstanding the provisions of any charter to the contrary,
 237.15 the meetings must be held between April 1 and May 31 each year. The clerk shall give
 237.16 published and posted notice of the meeting at least ten days before the date of the meeting.

237.17 The board shall meet either at a central location within the county or at the office of
 237.18 the clerk to review the assessment and classification of property in the town or city. No
 237.19 changes in valuation or classification which are intended to correct errors in judgment by
 237.20 the county assessor may be made by the county assessor after the board has adjourned
 237.21 in those cities or towns that hold a local board of review; however, corrections of errors
 237.22 that are merely clerical in nature or changes that extend homestead treatment to property
 237.23 are permitted after adjournment until the tax extension date for that assessment year. The
 237.24 changes must be fully documented and maintained in the assessor's office and must be
 237.25 available for review by any person. A copy of the changes made during this period in
 237.26 those cities or towns that hold a local board of review must be sent to the county board no
 237.27 later than December 31 of the assessment year.

237.28 (b) The board shall determine whether the taxable property in the town or city has
 237.29 been properly placed on the list and properly valued by the assessor. If real or personal
 237.30 property has been omitted, the board shall place it on the list with its market value, and
 237.31 correct the assessment so that each tract or lot of real property, and each article, parcel,
 237.32 or class of personal property, is entered on the assessment list at its market value. No
 237.33 assessment of the property of any person may be raised unless the person has been
 237.34 duly notified of the intent of the board to do so. On application of any person feeling
 237.35 aggrieved, the board shall review the assessment or classification, or both, and correct

238.1 it as appears just. The board may not make an individual market value adjustment or
238.2 classification change that would benefit the property if the owner or other person having
238.3 control over the property has refused the assessor access to inspect the property and the
238.4 interior of any buildings or structures as provided in section 273.20. A board member
238.5 shall not participate in any actions of the board which result in market value adjustments
238.6 or classification changes to property owned by the board member, the spouse, parent,
238.7 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
238.8 or niece of a board member, or property in which a board member has a financial interest.
238.9 The relationship may be by blood or marriage.

238.10 (c) A local board may reduce assessments upon petition of the taxpayer but the total
238.11 reductions must not reduce the aggregate assessment made by the county assessor by more
238.12 than one percent. If the total reductions would lower the aggregate assessments made by
238.13 the county assessor by more than one percent, none of the adjustments may be made. The
238.14 assessor shall correct any clerical errors or double assessments discovered by the board
238.15 without regard to the one percent limitation.

238.16 (d) A local board does not have authority to grant an exemption or to order property
238.17 removed from the tax rolls.

238.18 (e) A majority of the members may act at the meeting, and adjourn from day to day
238.19 until they finish hearing the cases presented. The assessor shall attend and take part in
238.20 the proceedings, but must not vote. The county assessor, or an assistant delegated by the
238.21 county assessor shall attend the meetings. The board shall list separately all omitted
238.22 property added to the list by the board and all items of property increased or decreased,
238.23 with the market value of each item of property, added or changed by the board. The
238.24 county assessor shall enter all changes made by the board.

238.25 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
238.26 counsel, or by written communication before the board after being duly notified of the
238.27 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
238.28 assessment or classification fails to apply for a review of the assessment or classification,
238.29 the person may not appear before the county board of appeal and equalization for a review.
238.30 This paragraph does not apply if an assessment was made after the local board meeting, as
238.31 provided in section 273.01, or if the person can establish not having received notice of
238.32 market value at least five days before the local board meeting.

238.33 (g) The local board must complete its work and adjourn within 20 days from the
238.34 time of convening stated in the notice of the clerk, unless a longer period is approved by
238.35 the commissioner of revenue. No action taken after that date is valid. All complaints
238.36 about an assessment or classification made after the meeting of the board must be heard

239.1 and determined by the county board of equalization. A nonresident may, at any time,
239.2 before the meeting of the board file written objections to an assessment or classification
239.3 with the county assessor. The objections must be presented to the board at its meeting by
239.4 the county assessor for its consideration.

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

239.6 Sec. 28. Minnesota Statutes 2014, section 274.13, subdivision 1, is amended to read:

239.7 Subdivision 1. **Members; meetings; rules for equalizing assessments.** The county
239.8 commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be
239.9 present, the deputy county auditor, or, if there is no deputy, the court administrator of the
239.10 district court, shall form a board for the equalization of the assessment of the property
239.11 of the county, including the property of all cities whose charters provide for a board of
239.12 equalization. This board shall be referred to as the county board of appeal and equalization.
239.13 The board shall meet annually, on the date specified in section 274.14, at the office of the
239.14 auditor. Each member shall take an oath to fairly and impartially perform duties as a
239.15 member. Members shall not participate in any actions of the board which result in market
239.16 value adjustments or classification changes to property owned by the board member, the
239.17 spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle,
239.18 aunt, nephew, or niece of a board member, or property in which a board member has a
239.19 financial interest. The relationship may be by blood or marriage. The board shall examine
239.20 and compare the returns of the assessment of property of the towns or districts, and
239.21 equalize them so that each tract or lot of real property and each article or class of personal
239.22 property is entered on the assessment list at its market value, subject to the following rules:

239.23 (1) The board shall raise the valuation of each tract or lot of real property which
239.24 in its opinion is returned below its market value to the sum believed to be its market
239.25 value. The board must first give notice of intention to raise the valuation to the person in
239.26 whose name it is assessed, if the person is a resident of the county. The notice must fix
239.27 a time and place for a hearing.

239.28 (2) The board shall reduce the valuation of each tract or lot which in its opinion is
239.29 returned above its market value to the sum believed to be its market value.

239.30 (3) The board shall raise the valuation of each class of personal property which
239.31 in its opinion is returned below its market value to the sum believed to be its market
239.32 value. It shall raise the aggregate value of the personal property of individuals, firms, or
239.33 corporations, when it believes that the aggregate valuation, as returned, is less than the
239.34 market value of the taxable personal property possessed by the individuals, firms, or

240.1 corporations, to the sum it believes to be the market value. The board must first give notice
 240.2 to the persons of intention to do so. The notice must set a time and place for a hearing.

240.3 (4) The board shall reduce the valuation of each class of personal property that
 240.4 is returned above its market value to the sum it believes to be its market value. Upon
 240.5 complaint of a party aggrieved, the board shall reduce the aggregate valuation of the
 240.6 individual's personal property, or of any class of personal property for which the individual
 240.7 is assessed, which in its opinion has been assessed at too large a sum, to the sum it believes
 240.8 was the market value of the individual's personal property of that class.

240.9 (5) The board must not reduce the aggregate value of all the property of its county, as
 240.10 submitted to the county board of equalization, with the additions made by the auditor under
 240.11 this chapter, by more than one percent of its whole valuation. The board may raise the
 240.12 aggregate valuation of real property, and of each class of personal property, of the county,
 240.13 or of any town or district of the county, when it believes it is below the market value of the
 240.14 property, or class of property, to the aggregate amount it believes to be its market value.

240.15 (6) The board shall change the classification of any property which in its opinion
 240.16 is not properly classified.

240.17 (7) The board does not have the authority to grant an exemption or to order property
 240.18 removed from the tax rolls.

240.19 (8) The board may not make an individual market value adjustment or classification
 240.20 change that would benefit property if the owner or other person having control over the
 240.21 property has refused the assessor access to inspect the property and the interior of any
 240.22 buildings or structures as provided in section 273.20.

240.23 **EFFECTIVE DATE.** This section is effective for county board of appeal and
 240.24 equalization meetings in 2017 and thereafter.

240.25 Sec. 29. Minnesota Statutes 2014, section 274.135, subdivision 3, is amended to read:

240.26 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts
 240.27 county boards of appeal and equalization meetings must provide proof to the commissioner
 240.28 by ~~December 1, 2009, and each year thereafter,~~ February 1 that it is in compliance with the
 240.29 requirements of subdivision 2. ~~Beginning in 2009,~~ This notice must also verify that there
 240.30 was a quorum of voting members at each meeting of the board of appeal and equalization
 240.31 in the ~~current~~ previous year. A county that does not comply with these requirements is
 240.32 deemed to have transferred its board of appeal and equalization powers to the special
 240.33 board of equalization appointed pursuant to section 274.13, subdivision 2, beginning
 240.34 with the following year's assessment and continuing unless the powers are reinstated
 240.35 under paragraph (c). A county that does not comply with the requirements of subdivision

241.1 2 and has not appointed a special board of equalization shall appoint a special board of
241.2 equalization before the following year's assessment.

241.3 (b) The county shall notify the taxpayers when the board of appeal and equalization
241.4 for a county has been transferred to the special board of equalization under this subdivision
241.5 and, prior to the meeting time of the special board of equalization, the county shall make
241.6 available to those taxpayers a procedure for a review of the assessments, including, but
241.7 not limited to, open book meetings. This alternate review process must take place in
241.8 April and May.

241.9 (c) A county board whose powers are transferred to the special board of equalization
241.10 under this subdivision may be reinstated by resolution of the county board and upon proof
241.11 of compliance with the requirements of subdivision 2. The resolution and proofs must
241.12 be provided to the commissioner by ~~December~~ February 1 in order to be effective for
241.13 the ~~following~~ current year's assessment.

241.14 (d) If a person who was entitled to appeal to the county board of appeal and
241.15 equalization or to the county special board of equalization is not able to do so in a
241.16 particular year because the county board or special board did not meet the quorum and
241.17 training requirements in this section and section 274.13, or because the special board
241.18 was not appointed, that person may instead appeal to the commissioner of revenue,
241.19 provided that the appeal is received by the commissioner prior to August 1. The appeal
241.20 is not subject to either chapter 14 or section 270C.92. The commissioner must issue
241.21 an appropriate order to the county assessor in response to each timely appeal, either
241.22 upholding or changing the valuation or classification of the property. Prior to October 1 of
241.23 each year, the commissioner must charge and bill the county where the property is located
241.24 \$500 for each tax parcel covered by an order issued under this paragraph in that year.
241.25 Amounts received by the commissioner under this paragraph must be deposited in the
241.26 state's general fund. If payment of a billed amount is not received by the commissioner
241.27 before December 1 of the year when billed, the commissioner must deduct that unpaid
241.28 amount from any state aid the commissioner would otherwise pay to the county under
241.29 chapter 477A in the next year. Late payments may either be returned to the county
241.30 uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid
241.31 paid to the county under chapter 477A must be adjusted within 12 months to eliminate any
241.32 reduction that occurred because the payment was late. Amounts needed to make these
241.33 adjustments are included in the appropriation under section 477A.03, subdivision 2.

241.34 **EFFECTIVE DATE.** This section is effective for county boards of appeal and
241.35 equalization meetings held in 2017 and thereafter.

242.1 Sec. 30. Minnesota Statutes 2014, section 275.065, subdivision 1, is amended to read:

242.2 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
242.3 contrary, on or before September 30, each county and each home rule charter or statutory
242.4 city shall certify to the county auditor the proposed property tax levy for taxes payable in
242.5 the following year.

242.6 (b) Notwithstanding any law or charter to the contrary, on or before September 15,
242.7 each town and each special taxing district shall adopt and certify to the county auditor a
242.8 proposed property tax levy for taxes payable in the following year. For towns, the final
242.9 certified levy shall also be considered the proposed levy.

242.10 (c) On or before September 30, each school district that has not mutually agreed
242.11 with its home county to extend this date shall certify to the county auditor the proposed
242.12 property tax levy for taxes payable in the following year. Each school district that has
242.13 agreed with its home county to delay the certification of its proposed property tax levy
242.14 must certify its proposed property tax levy for the following year no later than October
242.15 7. The school district shall certify the proposed levy as:

242.16 (1) a specific dollar amount by school district fund, broken down between
242.17 voter-approved and non-voter-approved levies and between referendum market value
242.18 and tax capacity levies; or

242.19 (2) the maximum levy limitation certified by the commissioner of education
242.20 according to section 126C.48, subdivision 1.

242.21 (d) If the board of estimate and taxation or any similar board that establishes
242.22 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
242.23 property tax levies for funds under its jurisdiction by charter to the county auditor by the
242.24 date specified in paragraph (a), the city shall be deemed to have certified its levies for
242.25 those taxing jurisdictions.

242.26 (e) For purposes of this section, "special taxing district" means a special taxing
242.27 district as defined in section 275.066. Intermediate school districts that levy a tax
242.28 under chapter 124 or 136D, joint powers boards established under sections 123A.44 to
242.29 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are
242.30 also special taxing districts for purposes of this section.

242.31 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed
242.32 tax levy under this subdivision, the taxing authority shall announce the time and place
242.33 of its any subsequent regularly scheduled meetings at which the budget and levy will be
242.34 discussed and at which the public will be allowed to speak. The time and place of those
242.35 meetings must be included in the proceedings or summary of proceedings published in the
242.36 official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

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

243.2 Sec. 31. Minnesota Statutes 2014, section 275.62, subdivision 2, is amended to read:

243.3 Subd. 2. **Local governments required to report.** For purposes of this section,
 243.4 "local governmental unit" means a county, home rule charter or statutory city with a
 243.5 population greater than 2,500, ~~a town with a population greater than 5,000, or a home rule~~
 243.6 ~~charter or statutory city or town that receives a distribution from the taconite municipal aid~~
 243.7 ~~account in the levy year.~~

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

243.9 Sec. 32. Minnesota Statutes 2014, section 278.01, subdivision 1, is amended to read:

243.10 Subdivision 1. **Determination of validity.** (a) Any person having personal property,
 243.11 or any estate, right, title, or interest in or lien upon any parcel of land, who claims that
 243.12 such property has been partially, unfairly, or unequally assessed in comparison with other
 243.13 property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the
 243.14 first class, the portion of the county excluding the first class city, or that the parcel has
 243.15 been assessed at a valuation greater than its real or actual value, or that the tax levied
 243.16 against the same is illegal, in whole or in part, or has been paid, or that the property is
 243.17 exempt from the tax so levied, may have the validity of the claim, defense, or objection
 243.18 determined by the district court of the county in which the tax is levied or by the Tax
 243.19 Court by serving one copy of a petition for such determination upon the county auditor,
 243.20 one copy on the county attorney, one copy on the county treasurer, and three copies on the
 243.21 county assessor. The county assessor shall immediately forward one copy of the petition
 243.22 to the appropriate governmental authority in a home rule charter or statutory city or town
 243.23 in which the property is located if that city or town employs its own certified assessor.
 243.24 A copy of the petition shall also be forwarded by the assessor to the school board of the
 243.25 school district in which the property is located.

243.26 (b) In counties where the office of county treasurer has been combined with the
 243.27 office of county auditor, the county may elect to require the petitioner to serve the number
 243.28 of copies as determined by the county. The county assessor shall immediately forward one
 243.29 copy of the petition to the appropriate governmental authority in a home rule charter or
 243.30 statutory city or town in which the property is located if that city or town employs its own
 243.31 certified assessor. A list of petitioned properties, including the name of the petitioner, the
 243.32 identification number of the property, and the estimated market value, shall be sent on
 243.33 or before the first day of July by the county auditor/treasurer to the school board of the
 243.34 school district in which the property is located.

244.1 (c) For all counties, the petitioner must file the copies with proof of service, in the
 244.2 office of the court administrator of the district court on or before April 30 of the year in
 244.3 which the tax becomes payable. A petition for determination under this section may be
 244.4 transferred by the district court to the Tax Court. An appeal may also be taken to the Tax
 244.5 Court under chapter 271 at any time following receipt of the valuation notice that county
 244.6 assessors or city assessors having the powers of a county assessor are required by section
 244.7 273.121 to send to persons whose property is to be included on the assessment roll that
 244.8 year, but prior to May 1 of the year in which the taxes are payable.

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

244.10 Sec. 33. Minnesota Statutes 2014, section 282.01, subdivision 1a, is amended to read:

244.11 Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state
 244.12 agency or a governmental subdivision of the state, a parcel of unsold tax-forfeited land
 244.13 must be withheld from sale or lease to others for a maximum of six months. The request
 244.14 must be submitted to the county auditor. Upon receipt, the county auditor must withhold
 244.15 the parcel from sale or lease to any other party for six months, and must confirm the
 244.16 starting date of the six-month withholding period to the requesting agency or subdivision.
 244.17 If the request is from a governmental subdivision of the state, the governmental
 244.18 subdivision must pay the maintenance costs incurred by the county during the period the
 244.19 parcel is withheld. The county board may approve a sale or conveyance to the requesting
 244.20 party during the withholding period. A conveyance of the property to the requesting
 244.21 party terminates the withholding period.

244.22 A governmental subdivision of the state must not make, and a county auditor must
 244.23 not act upon, a second request to withhold a parcel from sale or lease within 18 months
 244.24 of a previous request for that parcel. A county may reject a request made under this
 244.25 paragraph if the request is made more than 30 days after the county has given notice to the
 244.26 requesting state agency or governmental subdivision of the state that the county intends to
 244.27 sell or otherwise dispose of the property.

244.28 (b) Nonconservation tax-forfeited lands may be sold by the county board, for
 244.29 their market value as determined by the county board, to an organized or incorporated
 244.30 governmental subdivision of the state for any public purpose for which the subdivision is
 244.31 authorized to acquire property. When the term "market value" is used in this section, it
 244.32 means an estimate of the full and actual market value of the parcel as determined by the
 244.33 county board, but in making this determination, the board and the persons employed by or
 244.34 under contract with the board in order to perform, conduct, or assist in the determination,
 244.35 are exempt from the licensure requirements of chapter 82B.

245.1 (c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of~~
 245.2 ~~the taxing districts on application to~~ sold by the county board by, for their market value as
 245.3 determined by the county board, to a state agency for an authorized use at not less than
 245.4 ~~their market value as determined by the county board~~ any public purpose for which the
 245.5 agency is authorized to acquire property.

245.6 (d) Nonconservation tax-forfeited lands may be sold by the county board to an
 245.7 organized or incorporated governmental subdivision of the state or state agency for less
 245.8 than their market value if:

245.9 (1) the county board determines that a sale at a reduced price is in the public interest
 245.10 because a reduced price is necessary to provide an incentive to correct the blighted
 245.11 conditions that make the lands undesirable in the open market, or the reduced price will
 245.12 lead to the development of affordable housing; and

245.13 (2) the governmental subdivision or state agency has documented its specific plans
 245.14 for correcting the blighted conditions or developing affordable housing, and the specific
 245.15 law or laws that empower it to acquire real property in furtherance of the plans.

245.16 If the sale under this paragraph is to a governmental subdivision of the state, the
 245.17 commissioner of revenue must convey the property on behalf of the state by quitclaim
 245.18 deed. If the sale under this paragraph is to a state agency, the property is released from
 245.19 the trust in favor of the taxing districts and the commissioner of revenue must issue a
 245.20 conveyance document that releases the property from the trust in favor of the taxing
 245.21 districts convey the property on behalf of the state by quitclaim deed to the agency.

245.22 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts
 245.23 may be conveyed by the commissioner of revenue in the name of the state to a
 245.24 governmental subdivision for an authorized public use, if an application is submitted to the
 245.25 commissioner which includes a statement of facts as to the use to be made of the tract and
 245.26 the favorable recommendation of the county board. For the purposes of this paragraph,
 245.27 "authorized public use" means a use that allows an indefinite segment of the public to
 245.28 physically use and enjoy the property in numbers appropriate to its size and use, or is for a
 245.29 public service facility. Authorized public uses as defined in this paragraph are limited to:

245.30 (1) a road, or right-of-way for a road;

245.31 (2) a park that is both available to, and accessible by, the public that contains
 245.32 improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;

245.33 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along
 245.34 with a reasonable amount of surrounding land maintained in its natural state;

246.1 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail,
246.2 including transit ways, park-and-ride lots, transit stations, maintenance and garage
246.3 facilities, and other facilities related to a public transit system;

246.4 (5) public beaches or boat launches;

246.5 (6) public parking;

246.6 (7) civic recreation or conference facilities; and

246.7 (8) public service facilities such as fire halls, police stations, lift stations, water
246.8 towers, sanitation facilities, water treatment facilities, and administrative offices.

246.9 No monetary compensation or consideration is required for the conveyance, except as
246.10 provided in subdivision 1g, but the conveyance is subject to the conditions provided in
246.11 law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

246.12 (f) The commissioner of revenue shall convey a parcel of nonconservation
246.13 tax-forfeited land to a local governmental subdivision of the state by quitclaim deed
246.14 on behalf of the state upon the favorable recommendation of the county board if the
246.15 governmental subdivision has certified to the board that prior to forfeiture the subdivision
246.16 was entitled to the parcel under a written development agreement or instrument, but
246.17 the conveyance failed to occur prior to forfeiture. No compensation or consideration is
246.18 required for, and no conditions attach to, the conveyance.

246.19 (g) The commissioner of revenue shall convey a parcel of nonconservation
246.20 tax-forfeited land to the association of a common interest community by quitclaim deed
246.21 upon the favorable recommendation of the county board if the association certifies to the
246.22 board that prior to forfeiture the association was entitled to the parcel under a written
246.23 agreement, but the conveyance failed to occur prior to forfeiture. No compensation or
246.24 consideration is required for, and no conditions attach to, the conveyance.

246.25 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of
246.26 the state for less than its market value for either: (1) creation or preservation of wetlands;
246.27 (2) drainage or storage of storm water under a storm water management plan; or (3)
246.28 preservation, or restoration and preservation, of the land in its natural state. The deed must
246.29 contain a restrictive covenant limiting the use of the land to one of these purposes for
246.30 30 years or until the property is reconveyed back to the state in trust. At any time, the
246.31 governmental subdivision may reconvey the property to the state in trust for the taxing
246.32 districts. The deed of reconveyance is subject to approval by the commissioner of revenue.
246.33 No part of a purchase price determined under this paragraph shall be refunded upon a
246.34 reconveyance, but the amount paid for a conveyance under this paragraph may be taken
246.35 into account by the county board when setting the terms of a future sale of the same
246.36 property to the same governmental subdivision under paragraph (b) or (d). If the lands

247.1 are unplatted and located outside of an incorporated municipality and the commissioner
247.2 of natural resources determines there is a mineral use potential, the sale is subject to the
247.3 approval of the commissioner of natural resources.

247.4 (i) A park and recreation board in a city of the first class is a governmental
247.5 subdivision for the purposes of this section.

247.6 (j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed
247.7 by the commissioner of revenue in the name of the state to a governmental subdivision for
247.8 a school forest under section 89.41. An application that includes a statement of facts as
247.9 to the use to be made of the tract and the favorable recommendation of the county board
247.10 and the commissioner of natural resources must be submitted to the commissioner of
247.11 revenue. No monetary compensation or consideration is required for the conveyance, but
247.12 the conveyance is subject to the conditional use and reversion provisions of subdivisions
247.13 1c and 1d, paragraph (e). At any time, the governmental subdivision may reconvey the
247.14 property back to the state in trust for the taxing districts. The deed of reconveyance is
247.15 subject to approval by the commissioner of revenue.

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

247.17 Sec. 34. Minnesota Statutes 2014, section 282.01, subdivision 1d, is amended to read:

247.18 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) After three years
247.19 from the date of any conveyance of tax-forfeited land to a governmental subdivision for
247.20 an authorized public use as provided in this section, regardless of when the deed for the
247.21 authorized public use was executed, if the governmental subdivision has failed to put the
247.22 land to that use, or abandons that use, the governing body of the subdivision must: (1)
247.23 with the approval of the county board, purchase the property for an authorized public
247.24 purpose at the present market value as determined by the county board, or (2) authorize
247.25 the proper officers to convey the land, or the part of the land not required for an authorized
247.26 public use, to the state of Minnesota in trust for the taxing districts. If the governing body
247.27 purchases the property under clause (1), the commissioner of revenue shall, upon proper
247.28 application submitted by the county auditor and upon the reconveyance of the land subject
247.29 to the conditional use deed to the state, convey the property on behalf of the state by
247.30 quitclaim deed to the subdivision free of a use restriction and the possibility of reversion
247.31 or defeasement. If the governing body decides to reconvey the property to the state under
247.32 this clause, the officers shall execute a deed of conveyance immediately. The conveyance
247.33 is subject to the approval of the commissioner and its form must be approved by the
247.34 attorney general. For 15 years from the date of the conveyance, there is no failure to put
247.35 the land to the authorized public use and no abandonment of that use if a formal plan of

248.1 the governmental subdivision, including, but not limited to, a comprehensive plan or land
248.2 use plan, shows an intended future use of the land for the authorized public use.

248.3 (b) Property held by a governmental subdivision of the state under a conditional use
248.4 deed executed under this section by the commissioner of revenue on or after January 1,
248.5 2007, may be acquired by that governmental subdivision after 15 years from the date
248.6 of the conveyance if the commissioner determines upon written application from the
248.7 subdivision that the subdivision has in fact put the property to the authorized public use for
248.8 which it was conveyed, and the subdivision has made a finding that it has no current plans
248.9 to change the use of the lands. Prior to conveying the property, the commissioner shall
248.10 inquire whether the county board where the land is located objects to a conveyance of the
248.11 property to the subdivision without conditions and without further act by or obligation
248.12 of the subdivision. If the county does not object within 60 days, and the commissioner
248.13 makes a favorable determination, the commissioner shall issue a quitclaim deed on behalf
248.14 of the state unconditionally conveying the property to the governmental subdivision. For
248.15 purposes of this paragraph, demonstration of an intended future use for the authorized
248.16 public use in a formal plan of the governmental subdivision does not constitute use for
248.17 that authorized public use.

248.18 (c) Property held by a governmental subdivision of the state under a conditional use
248.19 deed executed under this section by the commissioner of revenue before January 1, 2007,
248.20 is released from the use restriction and possibility of reversion on January 1, 2022, if the
248.21 county board records a resolution describing the land and citing this paragraph. The
248.22 county board may authorize the county treasurer to deduct the amount of the recording
248.23 fees from future settlements of property taxes to the subdivision.

248.24 (d) Except for tax-forfeited land conveyed to establish a school forest under section
248.25 89.41, property conveyed under a conditional use deed executed under this section by
248.26 the commissioner of revenue, regardless of when the deed for the authorized public use
248.27 was executed, is released from the use restriction and reverter, and any use restriction or
248.28 reverter for which no declaration of reversion has been recorded with the county recorder
248.29 or registrar of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30
248.30 years from the date the deed was acknowledged; or (3) final resolution of an appeal to
248.31 district court under subdivision 1e, if a lis pendens related to the appeal is recorded in the
248.32 office of the county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

248.33 (e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a
248.34 school forest under section 89.41 is subject to a perpetual conditional use deed and reverter.
248.35 The property reverts to the state in trust for the taxing districts by operation of law if the
248.36 commissioner of natural resources determines and reports to the commissioner of revenue

249.1 under section 89.41, subdivision 3, that the governmental subdivision has failed to use the
 249.2 land for school forest purposes for three consecutive years. The commissioner of revenue
 249.3 shall record a declaration of reversion for land that has reverted under this paragraph.

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

249.5 Sec. 35. Minnesota Statutes 2014, section 477A.013, is amended by adding a
 249.6 subdivision to read:

249.7 **Subd. 14. Communication by electronic mail.** Prior to receiving aid pursuant to
 249.8 this section, a city must register an official electronic mail address with the commissioner,
 249.9 which the commissioner may use as an exclusive means to communicate with the city.

249.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

249.11 Sec. 36. Minnesota Statutes 2014, section 477A.19, is amended by adding a
 249.12 subdivision to read:

249.13 **Subd. 3a. Certification.** On or before June 1 of each year, the commissioner of
 249.14 natural resources shall certify to the commissioner of revenue the number of watercraft
 249.15 launches and the number of watercraft trailer parking spaces in each county.

249.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

249.17 Sec. 37. Minnesota Statutes 2014, section 477A.19, is amended by adding a
 249.18 subdivision to read:

249.19 **Subd. 3b. Certification.** On or before June 1 of each year, the commissioner of
 249.20 natural resources shall certify to the commissioner of revenue the counties that complied
 249.21 with the requirements of subdivision 3 the prior year and are eligible to receive aid
 249.22 under this section.

249.23 **EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

249.24 Sec. 38. Minnesota Statutes 2014, section 559.202, subdivision 2, is amended to read:

249.25 **Subd. 2. Exception.** This section does not apply to sales made under chapter 282 or
 249.26 if the purchaser is represented throughout the transaction by either:

249.27 (1) a person licensed to practice law in this state; or

249.28 (2) a person licensed as a real estate broker or salesperson under chapter 82,

249.29 provided that the representation does not create a dual agency, as that term is defined

249.30 in section 82.55, subdivision 6.

250.1 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited land
 250.2 occurring after the day following final enactment.

250.3 Sec. 39. Laws 2014, chapter 308, article 1, section 14, subdivision 2, is amended to read:

250.4 Subd. 2. **Payment of supplemental credit.** (a) The commissioner must pay
 250.5 supplemental credit amounts to each qualifying taxpayer by October 15, 2014.

250.6 (b) If the commissioner cannot locate the qualifying taxpayer by October 15, 2016,
 250.7 or if a qualifying taxpayer to whom a warrant was issued does not cash that warrant within
 250.8 two years from the date the warrant was issued, the right to the credit shall lapse and the
 250.9 warrant shall be deposited in the general fund.

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

250.11 Sec. 40. Laws 2014, chapter 308, article 9, section 94, is amended to read:

250.12 Sec. 94. **REPEALER.**

250.13 (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision
 250.14 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,
 250.15 part 8007.0200, are repealed.

250.16 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11,
 250.17 subdivision 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51,
 250.18 53, 67, 72, and 82; ~~272.027, subdivision 2~~; 272.031; 273.015, subdivision 1; 273.03,
 250.19 subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77;
 250.20 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20,
 250.21 subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision
 250.22 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08,
 250.23 subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision
 250.24 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6;
 250.25 and 505.173, Minnesota Statutes 2013 Supplement, section 273.1103, Laws 1993, chapter
 250.26 375, article 9, section 47, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800;
 250.27 and 8130.7500, subpart 7, are repealed.

250.28 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

250.29 (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision
 250.30 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338;
 250.31 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013
 250.32 Supplement, section 469.340, subdivision 4, are repealed.

250.33 (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

251.1 **EFFECTIVE DATE.** This section is effective retroactively from May 20, 2014,
 251.2 and pursuant to Minnesota Statutes, section 645.36, Minnesota Statutes, section 272.027,
 251.3 subdivision 2, is revived and reenacted as of that date.

251.4 Sec. 41. **REPEALER.**

251.5 (a) Minnesota Statutes 2014, section 281.22, is repealed.

251.6 (b) Minnesota Rules, part 8100.0700, is repealed.

251.7 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

251.8 Paragraph (b) is effective beginning with assessment year 2016.

251.9 **ARTICLE 15**

251.10 **DEPARTMENT POLICY AND TECHNICAL PROVISIONS; MISCELLANEOUS**

251.11 Section 1. Minnesota Statutes 2014, section 270.82, subdivision 1, is amended to read:

251.12 Subdivision 1. **Annual report required.** Every railroad company doing business
 251.13 in Minnesota shall annually file with the commissioner on or before March 31 a report
 251.14 under oath setting forth the information prescribed by the commissioner to enable the
 251.15 commissioner to make the valuation and equalization required by sections 270.80 to
 251.16 270.87. The commissioner shall prescribe the content, format, and manner of the report
 251.17 pursuant to section 270C.30, except that a "law administered by the commissioner"
 251.18 includes the property tax laws. If a report is made by electronic means, the taxpayer's
 251.19 signature is defined pursuant to section 270C.304, except that a "law administered by the
 251.20 commissioner" includes the property tax laws.

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

251.22 Sec. 2. Minnesota Statutes 2014, section 270A.03, subdivision 5, is amended to read:

251.23 Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed
 251.24 and certain amount of money, which equals or exceeds \$25 and which is due and payable
 251.25 to a claimant agency. The term includes criminal fines imposed under section 609.10 or
 251.26 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision
 251.27 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court
 251.28 order, or other legal obligation, but need not have been reduced to judgment.

251.29 A debt includes any legal obligation of a current recipient of assistance which is
 251.30 based on overpayment of an assistance grant where that payment is based on a client
 251.31 waiver or an administrative or judicial finding of an intentional program violation;
 251.32 or where the debt is owed to a program wherein the debtor is not a client at the time

252.1 notification is provided to initiate recovery under this chapter and the debtor is not a
 252.2 current recipient of food support, transitional child care, or transitional medical assistance.

252.3 (b) A debt does not include any legal obligation to pay a claimant agency for medical
 252.4 care, including hospitalization if the income of the debtor at the time when the medical
 252.5 care was rendered does not exceed the following amount:

252.6 (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,560 or less;

252.7 (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$16,080 or less;

252.8 (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$19,020 or less;

252.9 (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,580 or less;

252.10 (5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,760 or less; and

252.11 (6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,730 or less.

252.12 For purposes of this paragraph, "debtor" means the individual whose income,
 252.13 together with the income of the individual's spouse, other than a separated spouse, brings
 252.14 the individual within the income provisions of this paragraph. For purposes of this
 252.15 paragraph, a spouse, other than a separated spouse, shall be considered a dependent.

252.16 (c) The commissioner shall adjust the income amounts in paragraph (b) by the
 252.17 percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue
 252.18 Code, except that in section 1(f)(3)(B) the word "~~1999~~ 2014" shall be substituted for
 252.19 the word "1992." For ~~2001~~ 2016, the commissioner shall then determine the percent
 252.20 change from the 12 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on
 252.21 August 31, ~~2000~~ 2015, and in each subsequent year, from the 12 months ending on August
 252.22 31, ~~1999~~ 2014, to the 12 months ending on August 31 of the year preceding the taxable
 252.23 year. The determination of the commissioner pursuant to this subdivision shall not be
 252.24 considered a "rule" and shall not be subject to the Administrative Procedure Act contained
 252.25 in chapter 14. The income amount as adjusted must be rounded to the nearest \$10 amount.
 252.26 If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

252.27 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of
 252.28 the dollar amount of the premium authorized under section 256L.15, subdivision 1a.

252.29 **EFFECTIVE DATE.** The section is effective retroactively for debts incurred after
 252.30 December 31, 2014.

252.31 Sec. 3. Minnesota Statutes 2014, section 270B.14, subdivision 1, is amended to read:

252.32 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request
 252.33 of the commissioner of human services, the commissioner shall disclose return information
 252.34 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to
 252.35 the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

253.1 (b) Data that may be disclosed are limited to data relating to the identity,
253.2 whereabouts, employment, income, and property of a person owing or alleged to be owing
253.3 an obligation of child support.

253.4 (c) The commissioner of human services may request data only for the purposes of
253.5 carrying out the child support enforcement program and to assist in the location of parents
253.6 who have, or appear to have, deserted their children. Data received may be used only
253.7 as set forth in section 256.978.

253.8 (d) The commissioner shall provide the records and information necessary to
253.9 administer the supplemental housing allowance to the commissioner of human services.

253.10 (e) At the request of the commissioner of human services, the commissioner of
253.11 revenue shall electronically match the Social Security numbers and names of participants
253.12 in the telephone assistance plan operated under sections 237.69 to 237.71, with those of
253.13 property tax refund filers, and determine whether each participant's household income is
253.14 within the eligibility standards for the telephone assistance plan.

253.15 (f) The commissioner may provide records and information collected under sections
253.16 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid
253.17 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law
253.18 102-234. Upon the written agreement by the United States Department of Health and
253.19 Human Services to maintain the confidentiality of the data, the commissioner may provide
253.20 records and information collected under sections 295.50 to 295.59 to the Centers for
253.21 Medicare and Medicaid Services section of the United States Department of Health and
253.22 Human Services for purposes of meeting federal reporting requirements.

253.23 (g) The commissioner may provide records and information to the commissioner of
253.24 human services as necessary to administer the early refund of refundable tax credits.

253.25 (h) The commissioner may disclose information to the commissioner of human
253.26 services as necessary to verify income for income verification for eligibility and premium
253.27 payment under the MinnesotaCare program, under section 256L.05, subdivision 2, as well
253.28 as the medical assistance program under section 256B.

253.29 (i) The commissioner may disclose information to the commissioner of human
253.30 services necessary to verify whether applicants or recipients for the Minnesota family
253.31 investment program, general assistance, food support, Minnesota supplemental aid
253.32 program, and child care assistance have claimed refundable tax credits under chapter 290
253.33 and the property tax refund under chapter 290A, and the amounts of the credits.

253.34 (j) The commissioner may disclose information to the commissioner of human
253.35 services necessary to verify income for purposes of calculating parental contribution
253.36 amounts under section 252.27, subdivision 2a.

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

254.2 Sec. 4. Minnesota Statutes 2014, section 270C.30, is amended to read:

254.3 **270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.**

254.4 Except as otherwise provided by law, the commissioner shall prescribe the content
254.5 and, format, and manner of all returns and other forms required to be filed under a law
254.6 administered by the commissioner, and may furnish them subject to charge on application.

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

254.8 Sec. 5. Minnesota Statutes 2014, section 270C.33, subdivision 5, is amended to read:

254.9 Subd. 5. **Prohibition against collection during appeal period of an order.** No
254.10 collection action can be taken on an order of assessment, or any other order imposing a
254.11 liability, including the filing of liens under section 270C.63, and no late payment penalties
254.12 may be imposed when a return has been filed for the tax type and period upon which the
254.13 order is based, during the appeal period of an order. The appeal period of an order ends:
254.14 (1) 60 days after the ~~order has been mailed to the taxpayer~~ notice date designated by the
254.15 commissioner on the order; (2) if an administrative appeal is filed under section 270C.35,
254.16 60 days after the notice date designated by the commissioner on the written determination
254.17 of the administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when
254.18 the decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the
254.19 appeal is based upon a constitutional challenge to the tax, 60 days after final determination
254.20 of the appeal. This subdivision does not apply to a jeopardy assessment under section
254.21 270C.36, or a jeopardy collection under section 270C.36.

254.22 **EFFECTIVE DATE.** This section is effective for orders dated after December
254.23 31, 2016.

254.24 Sec. 6. Minnesota Statutes 2014, section 270C.33, subdivision 8, is amended to read:

254.25 Subd. 8. **Sufficiency of notice.** An assessment of tax made by the commissioner,
254.26 sent postage prepaid by United States mail to the taxpayer at the taxpayer's last known
254.27 address, or sent by electronic mail to the taxpayer's last known electronic mailing address
254.28 as provided for in section 325L.08, is sufficient even if the taxpayer is deceased or is
254.29 under a legal disability, or, in the case of a corporation, has terminated its existence, unless
254.30 the commissioner has been provided with a new address by a party authorized to receive
254.31 notices of assessment. Notice of an assessment is sufficient if it is sent on or before the
254.32 notice date designated by the commissioner on the assessment.

255.1 **EFFECTIVE DATE.** This section is effective for assessments dated after December
 255.2 31, 2016.

255.3 Sec. 7. Minnesota Statutes 2014, section 270C.34, subdivision 2, is amended to read:

255.4 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or
 255.5 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax
 255.6 charge, must be filed with the commissioner within 60 days of the notice date of the notice
 255.7 ~~was mailed to the taxpayer's last known address, stating that a penalty has been imposed~~
 255.8 or additional tax charge. For purposes of this section, the term "notice date" means the
 255.9 notice date designated by the commissioner on the order or other notice that a penalty or
 255.10 additional tax charge has been imposed.

255.11 (b) If the commissioner issues an order denying a request for abatement of penalty,
 255.12 interest, or additional tax charge, the taxpayer may file an administrative appeal as
 255.13 provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

255.14 (c) If the commissioner does not issue an order on the abatement request within
 255.15 60 days from the date the request is received, the taxpayer may appeal to Tax Court as
 255.16 provided in section 271.06.

255.17 **EFFECTIVE DATE.** This section is effective for orders and notices dated after
 255.18 December 31, 2016.

255.19 Sec. 8. Minnesota Statutes 2014, section 270C.347, subdivision 1, is amended to read:

255.20 Subdivision 1. **Checks and warrants, authority to reissue.** Notwithstanding any
 255.21 other provision of law, the commissioner may, based on a showing of reasonable cause,
 255.22 reissue an uncashed rebate, supplemental agricultural credit, or property tax refund warrant
 255.23 or check that has lapsed under any provision of law relating to rebates or under section
 255.24 290A.18, subdivision 2. The authority to reissue warrants or checks under this subdivision
 255.25 is limited to five years after the date of issuance of the original warrant or check.

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

255.27 Sec. 9. Minnesota Statutes 2014, section 270C.35, subdivision 3, is amended to read:

255.28 Subd. 3. **Notice date.** For purposes of this section, the term "notice date" means the
 255.29 ~~date of~~ designated by the commissioner on the order adjusting the tax or order denying a
 255.30 request for abatement, or, in the case of a denied refund, the notice date of ~~designated by~~
 255.31 the commissioner on the notice of denial.

256.1 **EFFECTIVE DATE.** This section is effective for orders and notices dated after
256.2 December 31, 2016.

256.3 Sec. 10. Minnesota Statutes 2014, section 270C.35, is amended by adding a
256.4 subdivision to read:

256.5 Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative
256.6 appeal for an order of the commissioner and also files an appeal to the Tax Court for
256.7 that same order of the commissioner, the administrative appeal is dismissed and the
256.8 commissioner is no longer required to make a determination of appeal under subdivision 6.

256.9 **EFFECTIVE DATE.** This section is effective for all administrative appeals filed
256.10 after June 30, 2016.

256.11 Sec. 11. Minnesota Statutes 2014, section 270C.38, subdivision 1, is amended to read:

256.12 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written
256.13 determination or action of the commissioner is otherwise specifically provided for by
256.14 law, notice of the determination or action sent postage prepaid by United States mail to
256.15 the taxpayer or other person affected by the determination or action at the taxpayer's
256.16 or person's last known address, is sufficient. If the taxpayer or person being notified is
256.17 deceased or is under a legal disability, or, in the case of a corporation being notified that
256.18 has terminated its existence, notice to the last known address of the taxpayer, person, or
256.19 corporation is sufficient, unless the department has been provided with a new address by a
256.20 party authorized to receive notices from the commissioner.

256.21 (b) If a taxpayer or other person agrees to accept notification by electronic means,
256.22 notice of a determination or action of the commissioner sent by electronic mail to the
256.23 taxpayer's or person's last known electronic mailing address as provided for in section
256.24 325L.08 is sufficient.

256.25 (c) Notice of a determination or action of the commissioner is sufficient if it is sent
256.26 on or before the notice date designated by the commissioner on the notice.

256.27 **EFFECTIVE DATE.** This section is effective for notices dated after December
256.28 31, 2016.

256.29 Sec. 12. Minnesota Statutes 2014, section 270C.445, is amended by adding a
256.30 subdivision to read:

256.31 Subd. 9. **Enforcement; limitations.** (a) Notwithstanding any other law, the
256.32 imposition of a penalty or any other action against a tax return preparer authorized by

257.1 subdivision 6 with respect to a return may be taken by the commissioner within the period
 257.2 provided by section 289A.38 to assess tax on that return.

257.3 (b) Imposition of a penalty or other action against a tax return preparer authorized
 257.4 by subdivision 6 other than with respect to a return must be taken by the commissioner
 257.5 within five years of the violation of statute.

257.6 **EFFECTIVE DATE.** This section is effective for tax preparation services provided
 257.7 after the day following final enactment.

257.8 Sec. 13. Minnesota Statutes 2014, section 270C.446, subdivision 5, is amended to read:

257.9 Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax
 257.10 preparer from the list of tax preparers published under this section:

257.11 (1) when the commissioner determines that the name was included on the list in error;

257.12 (2) within ~~90 days~~ three years after the preparer has demonstrated to the commissioner
 257.13 that the preparer fully paid all fines or penalties imposed, served any suspension, satisfied
 257.14 any sentence imposed, successfully completed any probationary period imposed, and
 257.15 successfully completed any remedial actions required by the commissioner, the State
 257.16 Board of Accountancy, or the Lawyers Board of Professional Responsibility; or

257.17 (3) when the commissioner has been notified that the tax preparer is deceased.

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

257.19 Sec. 14. Minnesota Statutes 2014, section 270C.72, subdivision 4, is amended to read:

257.20 Subd. 4. **Licensing authority; duties.** All licensing authorities must require
 257.21 the applicant to provide the applicant's Social Security number or individual taxpayer
 257.22 identification number and Minnesota business identification number, as applicable, on
 257.23 all license applications. Upon request of the commissioner, the licensing authority
 257.24 must provide the commissioner with a list of all applicants, including the name,
 257.25 address, business name and address, and Social Security number; or individual taxpayer
 257.26 identification number and business identification number, as applicable, of each applicant.
 257.27 The commissioner may request from a licensing authority a list of the applicants no more
 257.28 than once each calendar year.

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

257.30 Sec. 15. Minnesota Statutes 2014, section 271.06, subdivision 2, is amended to read:

257.31 Subd. 2. **Time; notice; intervention.** Except as otherwise provided by law, within
 257.32 60 days after the notice of the ~~making and filing~~ date of an order of the commissioner of

258.1 revenue, the appellant, or the appellant's attorney, shall serve a notice of appeal upon
258.2 the commissioner and file the original, with proof of such service, with the Tax Court
258.3 administrator or with the court administrator of district court acting as court administrator
258.4 of the Tax Court; provided, that the Tax Court, for cause shown, may by written order
258.5 extend the time for appealing for an additional period not exceeding 30 days. For purposes
258.6 of this section, the term "notice date" means the notice date designated by the commissioner
258.7 on the order. The notice of appeal shall be in the form prescribed by the Tax Court. Within
258.8 five days after receipt, the commissioner shall transmit a copy of the notice of appeal to
258.9 the attorney general. The attorney general shall represent the commissioner, if requested,
258.10 upon all such appeals except in cases where the attorney general has appealed in behalf of
258.11 the state, or in other cases where the attorney general deems it against the interests of the
258.12 state to represent the commissioner, in which event the attorney general may intervene or
258.13 be substituted as an appellant in behalf of the state at any stage of the proceedings.

258.14 Upon a final determination of any other matter over which the court is granted
258.15 jurisdiction under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney
258.16 shall file a petition or notice of appeal as provided by law with the court administrator of
258.17 district court, acting in the capacity of court administrator of the Tax Court, with proof of
258.18 service of the petition or notice of appeal as required by law and within the time required
258.19 by law. As used in this subdivision, "final determination" includes a notice of assessment
258.20 and equalization for the year in question received from the local assessor, an order of the
258.21 local board of equalization, or an order of a county board of equalization.

258.22 The Tax Court shall prescribe a filing system so that the notice of appeal or petition
258.23 filed with the district court administrator acting as court administrator of the Tax Court is
258.24 forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning
258.25 property valuation for which the assessor, a local board of equalization, a county board of
258.26 equalization or the commissioner of revenue has issued an order, the officer issuing the
258.27 order shall be notified of the filing of the appeal. The notice of appeal or petition shall be
258.28 in the form prescribed by the Tax Court.

258.29 **EFFECTIVE DATE.** This section is effective for orders dated after December
258.30 31, 2016.

258.31 Sec. 16. Minnesota Statutes 2014, section 271.06, subdivision 7, is amended to read:

258.32 Subd. 7. **Rules.** Except as provided in section 278.05, subdivision 6, the Rules
258.33 of Evidence and Civil Procedure for the district court of Minnesota shall govern the
258.34 procedures in the Tax Court, where practicable. The Rules of Civil Procedure do not apply
258.35 to alter the 60-day period of time to file a notice of appeal provided in subdivision 2. The

259.1 Tax Court may adopt rules under chapter 14. The rules in effect on January 1, 1989,
259.2 apply until superseded.

259.3 **EFFECTIVE DATE.** This section is effective for orders dated after December
259.4 31, 2016.

259.5 Sec. 17. Minnesota Statutes 2014, section 272.02, subdivision 10, is amended to read:

259.6 Subd. 10. **Personal property used for pollution control.** Personal property used
259.7 primarily for the abatement and control of air, water, or land pollution is exempt to the
259.8 extent that it is so used, and real property is exempt if it is used primarily for abatement
259.9 and control of air, water, or land pollution as part of an agricultural operation, as a part
259.10 of a centralized treatment and recovery facility operating under a permit issued by the
259.11 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota
259.12 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater
259.13 treatment facility and for the treatment, recovery, and stabilization of metals, oils,
259.14 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as
259.15 part of an electric generation system. For purposes of this subdivision, personal property
259.16 includes ponderous machinery and equipment used in a business or production activity
259.17 that at common law is considered real property.

259.18 Any taxpayer requesting exemption of all or a portion of any real property or any
259.19 equipment or device, or part thereof, operated primarily for the control or abatement of air,
259.20 water, or land pollution shall file an application with the commissioner of revenue. The
259.21 commissioner shall develop an electronic means to notify interested parties when electric
259.22 power generation facilities have filed an application. The commissioner shall prescribe
259.23 the content, format, and manner of the application pursuant to section 270C.30, except
259.24 that a "law administered by the commissioner" includes the property tax laws, and if an
259.25 application is made by electronic means, the taxpayer's signature is defined pursuant to
259.26 section 270C.304, except that a "law administered by the commissioner" includes the
259.27 property tax laws. The Minnesota Pollution Control Agency shall upon request of the
259.28 commissioner furnish information and advice to the commissioner.

259.29 The information and advice furnished by the Minnesota Pollution Control
259.30 Agency must include statements as to whether the equipment, device, or real property
259.31 meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution
259.32 Control Agency, and whether the equipment, device, or real property is installed or
259.33 operated in accordance with it. On determining that property qualifies for exemption,
259.34 the commissioner shall issue an order exempting the property from taxation. The
259.35 commissioner shall develop an electronic means to notify interested parties when

260.1 the commissioner has issued an order exempting property from taxation under this
260.2 subdivision. The equipment, device, or real property shall continue to be exempt from
260.3 taxation as long as the order issued by the commissioner remains in effect.

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

260.5 Sec. 18. Minnesota Statutes 2014, section 272.0211, subdivision 1, is amended to read:

260.6 Subdivision 1. **Efficiency determination and certification.** An owner or operator
260.7 of a new or existing electric power generation facility, excluding wind energy conversion
260.8 systems, may apply to the commissioner of revenue for a market value exclusion on the
260.9 property as provided for in this section. This exclusion shall apply only to the market
260.10 value of the equipment of the facility, and shall not apply to the structures and the land
260.11 upon which the facility is located. The commissioner of revenue shall prescribe the ~~forms~~
260.12 content, format, manner, and procedures for this application pursuant to section 270C.30,
260.13 except that a "law administered by the commissioner" includes the property tax laws. If
260.14 an application is made by electronic means, the taxpayer's signature is defined pursuant
260.15 to section 270C.304, except that a "law administered by the commissioner" includes the
260.16 property tax laws. Upon receiving the application, the commissioner of revenue shall: (1)
260.17 request the commissioner of commerce to make a determination of the efficiency of the
260.18 applicant's electric power generation facility; and (2) shall develop an electronic means to
260.19 notify interested parties when electric power generation facilities have filed an application.
260.20 The commissioner of commerce shall calculate efficiency as the ratio of useful energy
260.21 outputs to energy inputs, expressed as a percentage, based on the performance of the
260.22 facility's equipment during normal full load operation. The commissioner must include in
260.23 this formula the energy used in any on-site preparation of materials necessary to convert
260.24 the materials into the fuel used to generate electricity, such as a process to gasify petroleum
260.25 coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in
260.26 the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible
260.27 project under section 216B.2424; for these instances, the commissioner shall adjust the
260.28 heating value to allow for energy consumed for evaporation of the moisture in the wood.
260.29 The applicant shall provide the commissioner of commerce with whatever information the
260.30 commissioner deems necessary to make the determination. Within 30 days of the receipt
260.31 of the necessary information, the commissioner of commerce shall certify the findings of
260.32 the efficiency determination to the commissioner of revenue and to the applicant. The
260.33 commissioner of commerce shall determine the efficiency of the facility and certify the
260.34 findings of that determination to the commissioner of revenue every two years thereafter
260.35 from the date of the original certification.

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

261.2 Sec. 19. Minnesota Statutes 2014, section 272.025, subdivision 1, is amended to read:

261.3 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned
261.4 by the state of Minnesota or any political subdivision thereof, and property exempt from
261.5 taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at
261.6 the times provided in subdivision 3, a taxpayer claiming an exemption from taxation
261.7 on property described in section 272.02, subdivisions 2 to 33, must file a statement of
261.8 exemption with the assessor of the assessment district in which the property is located.

261.9 (b) A taxpayer claiming an exemption from taxation on property described in section
261.10 272.02, subdivision 10, must file a statement of exemption with the commissioner of
261.11 revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

261.12 (c) In case of sickness, absence or other disability or for good cause, the assessor
261.13 or the commissioner may extend the time for filing the statement of exemption for a
261.14 period not to exceed 60 days.

261.15 (d) The commissioner of revenue shall prescribe the ~~form and contents~~ content,
261.16 format, and manner of the statement of exemption pursuant to section 270C.30, except
261.17 that a "law administered by the commissioner" includes the property tax laws.

261.18 (e) If a statement is made by electronic means, the taxpayer's signature is defined
261.19 pursuant to section 270C.304, except that a "law administered by the commissioner"
261.20 includes the property tax laws.

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

261.22 Sec. 20. Minnesota Statutes 2014, section 272.029, subdivision 4, is amended to read:

261.23 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax
261.24 under subdivision 3 shall file a report with the commissioner of revenue annually on or
261.25 before ~~February 1~~ January 15 detailing the amount of electricity in kilowatt-hours that
261.26 was produced by the wind energy conversion system for the previous calendar year. The
261.27 commissioner shall prescribe the ~~form~~ content, format, and manner of the report pursuant
261.28 to section 270C.30, except that a "law administered by the commissioner" includes the
261.29 property tax laws. The report must contain the information required by the commissioner
261.30 to determine the tax due to each county under this section for the current year. If an owner
261.31 of a wind energy conversion system subject to taxation under this section fails to file the
261.32 report by the due date, the commissioner of revenue shall determine the tax based upon
261.33 the nameplate capacity of the system multiplied by a capacity factor of 60 percent.

262.1 (b) If a report is made by electronic means, the taxpayer's signature is defined
 262.2 pursuant to section 270C.304, except that a "law administered by the commissioner"
 262.3 includes the property tax laws.

262.4 ~~(b)~~ (c) On or before February 28, the commissioner of revenue shall notify the owner
 262.5 of the wind energy conversion systems of the tax due to each county for the current year
 262.6 and shall certify to the county auditor of each county in which the systems are located the
 262.7 tax due from each owner for the current year.

262.8 **EFFECTIVE DATE.** This section is effective the day following final enactment,
 262.9 except that the amendment in paragraph (a) moving the date to file the report is effective
 262.10 for reports filed in 2017 and thereafter.

262.11 Sec. 21. Minnesota Statutes 2014, section 272.0295, subdivision 4, is amended to read:

262.12 Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax
 262.13 under this section shall file a report with the commissioner of revenue annually on or
 262.14 before January 15 detailing the amount of electricity in megawatt-hours that was produced
 262.15 by the system in the previous calendar year. The commissioner shall prescribe the ~~form~~
 262.16 content, format, and manner of the report pursuant to section 270C.30. The report must
 262.17 contain the information required by the commissioner to determine the tax due to each
 262.18 county under this section for the current year. If an owner of a solar energy generating
 262.19 system subject to taxation under this section fails to file the report by the due date, the
 262.20 commissioner of revenue shall determine the tax based upon the nameplate capacity of
 262.21 the system multiplied by a capacity factor of 30 percent.

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

262.23 Sec. 22. Minnesota Statutes 2014, section 272.115, subdivision 2, is amended to read:

262.24 Subd. 2. **Form; information required.** The certificate of value shall require
 262.25 such facts and information as may be determined by the commissioner to be reasonably
 262.26 necessary in the administration of the state education aid formulas. The ~~form~~
 262.27 commissioner shall prescribe the content, format, and manner of the certificate of value
 262.28 ~~shall be prescribed by the Department of Revenue which shall provide an adequate~~
 262.29 ~~supply of forms to each county auditor pursuant to section 270C.30, except that a "law~~
 262.30 ~~administered by the commissioner" includes the property tax laws.~~

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

262.32 Sec. 23. Minnesota Statutes 2014, section 273.124, subdivision 13, is amended to read:

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

263.4 (b) ~~The format and contents of a uniform homestead application shall be prescribed~~
263.5 ~~by the commissioner of revenue.~~ The commissioner shall prescribe the content, format,
263.6 and manner of the homestead application required to be filed under this chapter pursuant
263.7 to section 270C.30. The application must clearly inform the taxpayer that this application
263.8 must be signed by all owners who occupy the property or by the qualifying relative and
263.9 returned to the county assessor in order for the property to receive homestead treatment.

263.10 (c) Every property owner applying for homestead classification must furnish to the
263.11 county assessor the Social Security number of each occupant who is listed as an owner
263.12 of the property on the deed of record, the name and address of each owner who does not
263.13 occupy the property, and the name and Social Security number of each owner's spouse who
263.14 occupies the property. The application must be signed by each owner who occupies the
263.15 property and by each owner's spouse who occupies the property, or, in the case of property
263.16 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

263.21 Owners or spouses occupying residences owned by their spouses and previously
263.22 occupied with the other spouse, either of whom fail to include the other spouse's name
263.23 and Social Security number on the homestead application or provide the affidavits or
263.24 other proof requested, will be deemed to have elected to receive only partial homestead
263.25 treatment of their residence. The remainder of the residence will be classified as
263.26 nonhomestead residential. When an owner or spouse's name and Social Security number
263.27 appear on homestead applications for two separate residences and only one application is
263.28 signed, the owner or spouse will be deemed to have elected to homestead the residence for
263.29 which the application was signed.

263.30 (d) If residential real estate is occupied and used for purposes of a homestead by a
263.31 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in
263.32 order for the property to receive homestead status, a homestead application must be filed
263.33 with the assessor. The Social Security number of each relative and spouse of a relative
263.34 occupying the property shall be required on the homestead application filed under this
263.35 subdivision. If a different relative of the owner subsequently occupies the property, the
263.36 owner of the property must notify the assessor within 30 days of the change in occupancy.

264.1 The Social Security number of a relative or relative's spouse occupying the property
 264.2 is private data on individuals as defined by section 13.02, subdivision 12, but may be
 264.3 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the
 264.4 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

264.5 (e) The homestead application shall also notify the property owners that if the
 264.6 property is granted homestead status for any assessment year, that same property shall
 264.7 remain classified as homestead until the property is sold or transferred to another person,
 264.8 or the owners, the spouse of the owner, or the relatives no longer use the property as their
 264.9 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
 264.10 be timely filed with the county auditor as provided under section 272.115. Failure to
 264.11 notify the assessor within 30 days that the property has been sold, transferred, or that the
 264.12 owner, the spouse of the owner, or the relative is no longer occupying the property as a
 264.13 homestead, shall result in the penalty provided under this subdivision and the property
 264.14 will lose its current homestead status.

264.15 (f) If a homestead application has not been filed with the county by December 15,
 264.16 the assessor shall classify the property as nonhomestead for the current assessment year
 264.17 for taxes payable in the following year, provided that the owner may be entitled to receive
 264.18 the homestead classification by proper application under section 375.192.

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

264.20 Sec. 24. Minnesota Statutes 2014, section 273.371, is amended to read:

264.21 **273.371 REPORTS OF UTILITY COMPANIES.**

264.22 Subdivision 1. **Report required.** Every electric light, power, gas, water, express,
 264.23 stage, and transportation ~~company~~ and pipeline company doing business in Minnesota
 264.24 shall annually file with the commissioner on or before March 31 a report under oath
 264.25 setting forth the information prescribed by the commissioner to enable the commissioner
 264.26 to make valuations, recommended valuations, and equalization required under sections
 264.27 273.33, 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the
 264.28 content, format, and manner of the report pursuant to section 270C.30, except that
 264.29 a "law administered by the commissioner" includes the property tax laws. If all the
 264.30 required information is not available on March 31, the company or pipeline shall file the
 264.31 information that is available on or before March 31, and the balance of the information
 264.32 as soon as it becomes available. If a report is made by electronic means, the taxpayer's
 264.33 signature is defined pursuant to section 270C.304, except that a "law administered by the
 264.34 commissioner" includes the property tax laws.

265.1 Subd. 2. **Extension.** The commissioner for good cause may extend the time for
 265.2 filing the report required by subdivision 1. The extension ~~may~~ must not exceed 15 days.

265.3 Subd. 3. **Reports filed by the commissioner.** If a company fails to file a report
 265.4 required by subdivision 1, the commissioner may, from information in the commissioner's
 265.5 possession or obtainable by the commissioner, make and file a report for the company or
 265.6 make the valuations, recommended valuations, and equalizations required under sections
 265.7 273.33, 273.35 to 273.37, and 273.3711.

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

265.9 Sec. 25. Minnesota Statutes 2014, section 287.2205, is amended to read:

265.10 **287.2205 TAX-FORFEITED LAND.**

265.11 Before a state deed for tax-forfeited land may be issued, the deed tax must be paid
 265.12 by the purchaser of tax-forfeited land whether the purchase is the result of a public
 265.13 auction or private sale or a repurchase of tax-forfeited land. State agencies and local
 265.14 units of government that acquire tax-forfeited land by purchase or any other means are
 265.15 subject to this section. The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a
 265.16 governmental subdivision for an authorized public use under section 282.01, subdivision
 265.17 1a, for a school forest under section 282.01, subdivision 1a, or for redevelopment purposes
 265.18 under section 282.01, subdivision 1b.

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

265.20 Sec. 26. Minnesota Statutes 2014, section 289A.08, is amended by adding a
 265.21 subdivision to read:

265.22 Subd. 17. **Format.** The commissioner shall prescribe the content, format, and
 265.23 manner of the returns and other documents pursuant to section 270C.30. This does not
 265.24 authorize the commissioner to require individual income taxpayers to file individual
 265.25 income tax returns electronically.

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

265.27 Sec. 27. Minnesota Statutes 2014, section 289A.09, subdivision 1, is amended to read:

265.28 Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax
 265.29 under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold
 265.30 tax under section 290.923, subdivision 2, must file a return with the commissioner for each
 265.31 quarterly period unless otherwise prescribed by the commissioner.

266.1 (b) A person or corporation required to make deposits under section 290.9201,
266.2 subdivision 8, must file an entertainer withholding tax return with the commissioner.

266.3 (c) A person required to withhold an amount under section 290.9705, subdivision 1,
266.4 must file a return.

266.5 (d) A partnership required to deduct and withhold tax under section 290.92,
266.6 subdivision 4b, must file a return.

266.7 (e) An S corporation required to deduct and withhold tax under section 290.92,
266.8 subdivision 4c, must also file a return.

266.9 (f) ~~Returns must be filed in the form and manner, and contain the information~~
266.10 ~~prescribed by the commissioner.~~ The commissioner shall prescribe the content, format,
266.11 and manner of the returns pursuant to section 270C.30. Every return for taxes withheld
266.12 must be signed by the employer, entertainment entity, contract payor, partnership, or S
266.13 corporation, or a designee.

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

266.15 Sec. 28. Minnesota Statutes 2014, section 289A.11, subdivision 1, is amended to read:

266.16 Subdivision 1. **Return required.** (a) Except as provided in section 289A.18,
266.17 subdivision 4, for the month in which taxes imposed by chapter 297A are payable, or for
266.18 which a return is due, a return for the preceding reporting period must be filed with the
266.19 commissioner ~~in the form and manner the commissioner prescribes.~~ The commissioner
266.20 shall prescribe the content, format, and manner of the returns pursuant to section 270C.30.

266.21 A person making sales at retail at two or more places of business may file a consolidated
266.22 return subject to rules prescribed by the commissioner. In computing the dollar amount of
266.23 items on the return, the amounts are rounded off to the nearest whole dollar, disregarding
266.24 amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next
266.25 highest dollar.

266.26 (b) Notwithstanding this subdivision, a person who is not required to hold a sales tax
266.27 permit under chapter 297A and who makes annual purchases, for use in a trade or business,
266.28 of less than \$18,500, or a person who is not required to hold a sales tax permit and who
266.29 makes purchases for personal use, that are subject to the use tax imposed by section
266.30 297A.63, may file an annual use tax return ~~on a form prescribed by the commissioner.~~
266.31 The commissioner shall prescribe the content, format, and manner of the return pursuant
266.32 to section 270C.30. If a person who qualifies for an annual use tax reporting period is
266.33 required to obtain a sales tax permit or makes use tax purchases, for use in a trade or
266.34 business, in excess of \$18,500 during the calendar year, the reporting period must be

267.1 considered ended at the end of the month in which the permit is applied for or the purchase
267.2 in excess of \$18,500 is made and a return must be filed for the preceding reporting period.

267.3 (c) Notwithstanding ~~paragraph~~ paragraphs (a) and (b), a person prohibited by the
267.4 person's religious beliefs from using electronics shall be allowed to file by mail, without
267.5 any additional fees. The filer must notify the commissioner of revenue of the intent to file
267.6 by mail on a form prescribed by the commissioner. A return filed under this paragraph
267.7 must be postmarked no later than the day the return is due in order to be considered filed
267.8 on a timely basis.

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

267.10 Sec. 29. Minnesota Statutes 2014, section 289A.18, subdivision 1, is amended to read:

267.11 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**
267.12 **entertainment taxes; partnership and S corporation returns; information returns;**
267.13 **mining company returns.** The returns required to be made under sections 289A.08 and
267.14 289A.12 must be filed at the following times:

267.15 (1) returns made on the basis of the calendar year must be filed on April 15 following
267.16 the close of the calendar year, except that returns of corporations and partnerships must be
267.17 filed on the due date for filing the federal income tax return;

267.18 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the
267.19 fourth month following the close of the fiscal year, except that returns of corporations and
267.20 partnerships must be filed on the due date for filing the federal income tax return;

267.21 (3) returns for a fractional part of a year must be filed on the due date for filing the
267.22 federal income tax return;

267.23 (4) in the case of a final return of a decedent for a fractional part of a year, the return
267.24 must be filed on the 15th day of the fourth month following the close of the 12-month
267.25 period that began with the first day of that fractional part of a year;

267.26 (5) in the case of the return of a cooperative association, returns must be filed on or
267.27 before the 15th day of the ninth month following the close of the taxable year;

267.28 (6) if a corporation has been divested from a unitary group and files a return for
267.29 a fractional part of a year in which it was a member of a unitary business that files a
267.30 combined report under section 290.17, subdivision 4, the divested corporation's return
267.31 must be filed on the 15th day of the third month following the close of the common
267.32 accounting period that includes the fractional year;

267.33 (7) returns of entertainment entities must be filed on April 15 following the close of
267.34 the calendar year;

268.1 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed
268.2 on the 15th day of the fifth month following the close of the taxable year;

268.3 (9) returns of mining companies must be filed on May 1 following the close of the
268.4 calendar year; and

268.5 (10) returns required to be filed with the commissioner under section 289A.12,
268.6 subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the
268.7 commissioner.

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

268.9 Sec. 30. Minnesota Statutes 2014, section 289A.37, subdivision 2, is amended to read:

268.10 Subd. 2. **Erroneous refunds.** ~~An erroneous refund is considered an underpayment~~
268.11 ~~of tax on the date made. An assessment of a deficiency arising out of an erroneous refund~~
268.12 ~~may be made at any time within two years from the making of the refund. If part of the~~
268.13 ~~refund was induced by fraud or misrepresentation of a material fact, the assessment may~~
268.14 ~~be made at any time. (a) Except as provided in paragraph (b), an erroneous refund occurs~~
268.15 ~~when the commissioner issues a payment to a person that exceeds the amount the person~~
268.16 ~~is entitled to receive under law. An erroneous refund is considered an underpayment~~
268.17 ~~of tax on the date issued.~~

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

268.20 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by
268.21 a taxpayer, including but not limited to refunds of claims made under section 290.06,
268.22 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
268.23 290.0681; or 290.0692; or chapter 290A; or

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

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

268.30 (d) Assessments of amounts that are not erroneous refunds under paragraph (b)
268.31 must be conducted under section 289A.38.

268.32 **EFFECTIVE DATE.** This section is effective the day following final enactment and
268.33 applies retroactively to all refunds issued on, before, or after that date, but does not apply to
268.34 the refunds at issue in Connexus Energy et al. v. Commissioner of Revenue, 868 N.W.2d

269.1 234 (Minn. 2015). Notwithstanding any law to the contrary, the changes in this section do
 269.2 not invalidate any assessments made by the commissioner prior to this effective date.

269.3 Sec. 31. Minnesota Statutes 2014, section 289A.50, subdivision 7, is amended to read:

269.4 Subd. 7. **Remedies.** (a) If the taxpayer is notified by the commissioner that the
 269.5 refund claim is denied in whole or in part, the taxpayer may:

269.6 (1) file an administrative appeal as provided in section 270C.35, or an appeal
 269.7 with the Tax Court, within 60 days after ~~issuance~~ the notice date of the commissioner's
 269.8 notice of denial; or

269.9 (2) file an action in the district court to recover the refund.

269.10 (b) An action in the district court on a denied claim for refund must be brought
 269.11 within 18 months of the notice date of the denial of the claim by the commissioner. For
 269.12 the purposes of this section, "notice date" is defined in section 270C.35, subdivision 3.

269.13 (c) No action in the district court or the Tax Court shall be brought within six months
 269.14 of the filing of the refund claim unless the commissioner denies the claim within that period.

269.15 (d) If a taxpayer files a claim for refund and the commissioner has not issued a denial
 269.16 of the claim, the taxpayer may bring an action in the district court or the Tax Court at any
 269.17 time after the expiration of six months from the time the claim was filed.

269.18 (e) The commissioner and the taxpayer may agree to extend the period for bringing
 269.19 an action in the district court.

269.20 (f) An action for refund of tax by the taxpayer must be brought in the district court
 269.21 of the district in which lies the county of the taxpayer's residence or principal place of
 269.22 business. In the case of an estate or trust, the action must be brought at the principal place
 269.23 of its administration. Any action may be brought in the district court for Ramsey County.

269.24 **EFFECTIVE DATE.** This section is effective for claims for refund denied after
 269.25 December 31, 2016.

269.26 Sec. 32. **[290B.11] FORMS.**

269.27 The commissioner shall prescribe the content, format, and manner of all forms and
 269.28 other documents required to be filed under this chapter pursuant to section 270C.30.

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

269.30 Sec. 33. **[290C.051] VERIFICATION OF FOREST MANAGEMENT PLAN.**

270.1 On request of the commissioner, the commissioner of natural resources must
 270.2 annually provide verification that the claimant has a current forest management plan on
 270.3 file with the Department of Natural Resources.

270.4 **EFFECTIVE DATE.** This section is effective for certifications filed after July
 270.5 1, 2017.

270.6 Sec. 34. **[293.15] FORMS.**

270.7 The commissioner shall prescribe the content, format, and manner of all forms and
 270.8 other documents required to be filed under this chapter pursuant to section 270C.30.

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

270.10 Sec. 35. Minnesota Statutes 2014, section 295.55, subdivision 6, is amended to read:

270.11 Subd. 6. **Form of returns.** ~~The estimated payments and annual return must contain~~
 270.12 ~~the information and be in the form prescribed by the commissioner.~~ The commissioner
 270.13 shall prescribe the content, format, and manner of the estimated payment forms and annual
 270.14 return pursuant to section 270C.30.

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

270.16 Sec. 36. Minnesota Statutes 2014, section 296A.02, is amended by adding a
 270.17 subdivision to read:

270.18 Subd. 5. **Forms.** The commissioner shall prescribe the content, format, and manner
 270.19 of all forms and other documents required to be filed under this chapter pursuant to section
 270.20 270C.30.

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

270.22 Sec. 37. Minnesota Statutes 2014, section 296A.22, subdivision 9, is amended to read:

270.23 Subd. 9. **Abatement of penalty.** (a) The commissioner may by written order
 270.24 abate any penalty imposed under this section, if in the commissioner's opinion there is
 270.25 reasonable cause to do so.

270.26 (b) A request for abatement of penalty must be filed with the commissioner within
 270.27 60 days of the notice date of the notice stating that a penalty has been imposed was mailed
 270.28 ~~to the taxpayer's last known address.~~ For purposes of this section, the term "notice date"
 270.29 means the notice date designated by the commissioner on the order or other notice that a
 270.30 penalty has been imposed.

271.1 (c) If the commissioner issues an order denying a request for abatement of penalty,
 271.2 the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to
 271.3 Tax Court as provided in section 271.06. If the commissioner does not issue an order on
 271.4 the abatement request within 60 days from the date the request is received, the taxpayer
 271.5 may appeal to Tax Court as provided in section 271.06.

271.6 **EFFECTIVE DATE.** This section is effective for orders and notices dated after
 271.7 December 31, 2016.

271.8 Sec. 38. Minnesota Statutes 2014, section 296A.26, is amended to read:

271.9 **296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.**

271.10 In lieu of an administrative appeal under section 270C.35, any person aggrieved by
 271.11 an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within
 271.12 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner
 271.13 provided under section 271.06. For purposes of this section, the term "notice date" means
 271.14 the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

271.15 **EFFECTIVE DATE.** This section is effective for orders dated after December
 271.16 31, 2016.

271.17 Sec. 39. Minnesota Statutes 2014, section 297D.02, is amended to read:

271.18 **297D.02 ADMINISTRATION.**

271.19 The commissioner of revenue shall administer this chapter. The commissioner shall
 271.20 prescribe the content, format, and manner of all forms and other documents required to be
 271.21 filed under this chapter pursuant to section 270C.30. Payments required by this chapter
 271.22 must be made to the commissioner on the form provided by the commissioner. Tax obligors
 271.23 are not required to give their name, address, Social Security number, or other identifying
 271.24 information on the form. The commissioner shall collect all taxes under this chapter.

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

271.26 Sec. 40. Minnesota Statutes 2014, section 297E.02, subdivision 3, is amended to read:

271.27 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due
 271.28 and payable to the commissioner when the gambling tax return is required to be filed.
 271.29 Distributors must file their monthly sales figures with the commissioner on a form
 271.30 prescribed by the commissioner. Returns covering the taxes imposed under this section
 271.31 must be filed with the commissioner on or before the 20th day of the month following the

272.1 close of the previous calendar month. ~~The commissioner may require that the returns be~~
 272.2 ~~filed via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the
 272.3 content, format, and manner of returns or other documents pursuant to section 270C.30.
 272.4 The proceeds, along with the revenue received from all license fees and other fees under
 272.5 sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of
 272.6 management and budget for deposit in the general fund.

272.7 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by
 272.8 the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards
 272.9 by the organization is exempt from taxes imposed by chapter 297A and is exempt from all
 272.10 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

272.11 (c) One-half of one percent of the revenue deposited in the general fund under
 272.12 paragraph (a), is appropriated to the commissioner of human services for the compulsive
 272.13 gambling treatment program established under section 245.98. One-half of one percent
 272.14 of the revenue deposited in the general fund under paragraph (a), is appropriated to
 272.15 the commissioner of human services for a grant to the state affiliate recognized by
 272.16 the National Council on Problem Gambling to increase public awareness of problem
 272.17 gambling, education and training for individuals and organizations providing effective
 272.18 treatment services to problem gamblers and their families, and research relating to
 272.19 problem gambling. Money appropriated by this paragraph must supplement and must not
 272.20 replace existing state funding for these programs.

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

272.22 Sec. 41. Minnesota Statutes 2014, section 297E.04, subdivision 1, is amended to read:

272.23 Subdivision 1. **Reports of sales.** A manufacturer who sells gambling product for
 272.24 use or resale in this state, or for receipt by a person or entity in this state, shall file with the
 272.25 commissioner, on a form prescribed by the commissioner, a report of gambling product
 272.26 sold to any person in the state, including the established governing body of an Indian tribe
 272.27 recognized by the United States Department of the Interior. The report must be filed
 272.28 monthly on or before the 20th day of the month succeeding the month in which the sale
 272.29 was made. ~~The commissioner may require that the report be submitted via magnetic~~
 272.30 ~~media or electronic data transfer.~~ The commissioner shall prescribe the content, format,
 272.31 and manner of returns or other documents pursuant to section 270C.30. The commissioner
 272.32 may inspect the premises, books, records, and inventory of a manufacturer without notice
 272.33 during the normal business hours of the manufacturer. A person violating this section is
 272.34 guilty of a misdemeanor.

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

273.2 Sec. 42. Minnesota Statutes 2014, section 297E.05, subdivision 4, is amended to read:

273.3 Subd. 4. **Reports.** A distributor shall report monthly to the commissioner, on a form
273.4 the commissioner prescribes, its sales of each type of gambling product. This report must
273.5 be filed monthly on or before the 20th day of the month succeeding the month in which
273.6 the sale was made. ~~The commissioner may require that a distributor submit the monthly~~
273.7 ~~report and invoices required in this subdivision via magnetic media or electronic data~~
273.8 ~~transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or
273.9 other documents pursuant to section 270C.30.

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

273.11 Sec. 43. Minnesota Statutes 2014, section 297E.06, subdivision 1, is amended to read:

273.12 Subdivision 1. **Reports.** An organization must file with the commissioner, on a form
273.13 prescribed by the commissioner, a report showing all gambling activity conducted by that
273.14 organization for each month. Gambling activity includes all gross receipts, prizes, all
273.15 gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful
273.16 purpose and board-approved expenditures. The report must be filed with the commissioner
273.17 on or before the 20th day of the month following the month in which the gambling activity
273.18 takes place. ~~The commissioner may require that the reports be filed via magnetic media or~~
273.19 ~~electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner
273.20 of returns or other documents pursuant to section 270C.30.

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

273.22 Sec. 44. Minnesota Statutes 2014, section 297F.09, subdivision 1, is amended to read:

273.23 Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day
273.24 of each calendar month, a distributor with a place of business in this state shall file a
273.25 return with the commissioner showing the quantity of cigarettes manufactured or brought
273.26 in from outside the state or purchased during the preceding calendar month and the
273.27 quantity of cigarettes sold or otherwise disposed of in this state and outside this state
273.28 during that month. A licensed distributor outside this state shall in like manner file a
273.29 return showing the quantity of cigarettes shipped or transported into this state during the
273.30 preceding calendar month. ~~Returns must be made in the form and manner prescribed by~~
273.31 ~~The commissioner shall prescribe the content, format, and manner of returns pursuant to~~
273.32 section 270C.30, and the returns must contain any other information required by the

274.1 commissioner. The return must be accompanied by a remittance for the full unpaid tax
 274.2 liability shown by it. For distributors subject to the accelerated tax payment requirements
 274.3 in subdivision 10, the return for the May liability is due two business days before June 30th
 274.4 of the year and the return for the June liability is due on or before August 18th of the year.

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

274.6 Sec. 45. Minnesota Statutes 2014, section 297F.23, is amended to read:

274.7 **297F.23 JUDICIAL REVIEW.**

274.8 In lieu of an administrative appeal under section 270C.35, a person aggrieved by an
 274.9 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60
 274.10 days from the notice date of the notice of the order, appeal to the Tax Court in the manner
 274.11 provided under section 271.06. For purposes of this section, the term "notice date" means
 274.12 the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

274.13 **EFFECTIVE DATE.** This section is effective for orders dated after December
 274.14 31, 2016.

274.15 Sec. 46. Minnesota Statutes 2014, section 297G.09, subdivision 1, is amended to read:

274.16 Subdivision 1. **Monthly returns; manufacturers, wholesalers, brewers, or**
 274.17 **importers.** On or before the 18th day of each calendar month following the month in
 274.18 which a licensed manufacturer or wholesaler first sells wine and distilled spirits within
 274.19 the state, or a brewer or importer first sells or imports fermented malt beverages, or a
 274.20 wholesaler knowingly acquires title to or possession of untaxed fermented malt beverages,
 274.21 the licensed manufacturer, wholesaler, brewer, or importer liable for the excise tax must
 274.22 file a return with the commissioner, and in addition must keep records and render reports
 274.23 as required by the commissioner. ~~Returns must be made in a form and manner prescribed~~
 274.24 ~~by the commissioner, and~~ The commissioner shall prescribe the content, format, and
 274.25 manner of returns pursuant to section 270C.30. The returns must contain any other
 274.26 information required by the commissioner. Returns must be accompanied by a remittance
 274.27 for the full unpaid tax liability. Returns must be filed regardless of whether a tax is due.

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

274.29 Sec. 47. Minnesota Statutes 2014, section 297G.22, is amended to read:

274.30 **297G.22 JUDICIAL REVIEW.**

275.1 In lieu of an administrative appeal under this chapter, a person aggrieved by an order
 275.2 of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days
 275.3 from ~~the date of the notice~~ date of the order, appeal to the Tax Court in the manner provided
 275.4 under section 271.06. For purposes of this section, the term "notice date" means the notice
 275.5 date designated by the commissioner on the order fixing a tax, penalty, or interest.

275.6 **EFFECTIVE DATE.** This section is effective for orders dated after December
 275.7 31, 2016.

275.8 Sec. 48. Minnesota Statutes 2014, section 297I.30, is amended by adding a subdivision
 275.9 to read:

275.10 Subd. 11. **Format.** The commissioner shall prescribe the content, format, and
 275.11 manner of returns or other documents pursuant to section 270C.30.

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

275.13 Sec. 49. Minnesota Statutes 2014, section 297I.60, subdivision 2, is amended to read:

275.14 Subd. 2. **Remedies.** (a) If the taxpayer is notified that the refund claim is denied in
 275.15 whole or in part, the taxpayer may contest the denial by:

275.16 (1) filing an administrative appeal with the commissioner under section 270C.35;

275.17 (2) filing an appeal in Tax Court within 60 days of the notice date of the ~~notice of~~
 275.18 denial; or

275.19 (3) filing an action in the district court to recover the refund.

275.20 (b) An action in the district court must be brought within 18 months ~~following~~ of the
 275.21 notice date of the ~~notice of~~ denial. For purposes of this section, "notice date" is defined in
 275.22 section 270C.35, subdivision 3. An action for refund of tax or surcharge must be brought
 275.23 in the district court of the district in which lies the taxpayer's principal place of business or
 275.24 in the District Court for Ramsey County. If a taxpayer files a claim for refund and the
 275.25 commissioner has not issued a denial of the claim, the taxpayer may bring an action in
 275.26 the district court or the Tax Court at any time after the expiration of six months from the
 275.27 time the claim was filed.

275.28 **EFFECTIVE DATE.** This section is effective for claims for refund denied after
 275.29 December 31, 2016.

275.30 Sec. 50. Minnesota Statutes 2014, section 469.319, subdivision 5, is amended to read:

275.31 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a
 275.32 repayment required under subdivision 1, if the commissioner, in consultation with

276.1 the commissioner of employment and economic development and appropriate officials
 276.2 from the local government units in which the qualified business is located, determines
 276.3 that requiring repayment of the tax is not in the best interest of the state or the local
 276.4 government units and the business ceased operating as a result of circumstances beyond
 276.5 its control including, but not limited to:

- 276.6 (1) a natural disaster;
- 276.7 (2) unforeseen industry trends; or
- 276.8 (3) loss of a major supplier or customer.

276.9 (b)(1) The commissioner shall waive repayment required under subdivision 1a if
 276.10 the commissioner has waived repayment by the operating business under subdivision 1,
 276.11 unless the person that received benefits without having to operate a business in the zone
 276.12 was a contributing factor in the qualified business becoming subject to repayment under
 276.13 subdivision 1;

276.14 (2) the commissioner shall waive the repayment required under subdivision 1a, even
 276.15 if the repayment has not been waived for the operating business if:

- 276.16 (i) the person that received benefits without having to operate a business in the zone
 276.17 and the business that operated in the zone are not related parties as defined in section
 276.18 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and
- 276.19 (ii) actions of the person were not a contributing factor in the qualified business
 276.20 becoming subject to repayment under subdivision 1.

276.21 (c) Requests for waiver must be made no later than 60 days after the earlier of the
 276.22 notice date of an order issued under subdivision 4, paragraph (d), or the date of a tax
 276.23 statement issued under subdivision 4, paragraph (c). For purposes of this section, the term
 276.24 "notice date" means the notice date designated by the commissioner on the order.

276.25 **EFFECTIVE DATE.** This section is effective for orders of the commissioner of
 276.26 revenue dated after December 31, 2016.

276.27 Sec. 51. **REPEALER.**

276.28 Minnesota Statutes 2014, section 290C.06, is repealed.

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

276.30 Delete the title and insert:

276.31 "A bill for an act
 276.32 relating to financing of state and local government; making changes to property,
 276.33 individual income, corporate franchise, estate, sales and use, excise, petroleum
 276.34 and other fuel, gambling, tobacco, special, mineral, local, and other taxes and
 276.35 tax-related provisions; modifying local government aids and credits; amending
 276.36 county levy authority; exempting certain electric generation facility property and

277.1 soccer stadium property from property tax; extending homestead value exclusion
 277.2 for spouses of qualifying deceased veterans; amending the state general levy;
 277.3 abating local property taxes in the Lake Mille Lacs area; establishing school
 277.4 building bond agricultural credit; establishing reimbursement for certain
 277.5 out-of-home placements of Indian children; establishing riparian protection
 277.6 aid; forgiving certain aid penalties; providing for federal tax conformity;
 277.7 modifying income tax credits; providing income tax credits; changing income
 277.8 tax modifications; modifying residency rules; modifying sales and use tax
 277.9 definitions; modifying sales and use tax collection requirements; modifying sales
 277.10 and use tax exemptions; providing for reimbursement from the Minnesota Sports
 277.11 Facilities Authority of certain sales and use taxes; allocating certain sales and use
 277.12 tax revenues; modifying and allowing certain local sales and use taxes; modifying
 277.13 provisions for gasoline used as a substitute for aviation gasoline; providing
 277.14 tax rates on paper pull-tabs sold at bingo halls; providing definitions and a
 277.15 tax rate for vapor products; modifying taconite tax distributions and deposits;
 277.16 providing for local development projects; modifying public finance provisions;
 277.17 transferring approval authority from the Iron Range Resources and Rehabilitation
 277.18 Board to the commissioner of Iron Range resources and rehabilitation;
 277.19 requiring the commissioner of Iron Range resources and rehabilitation to seek
 277.20 a recommendation from the board in certain circumstances; providing for
 277.21 transfer of ownership, eligibility, certification, and notification requirements for
 277.22 enrollment of land in the Sustainable Forest Incentive Act; modifying the budget
 277.23 reserve; providing a new markets grant program; providing a tax time savings
 277.24 grant program; providing civil and criminal penalties for sales suppression
 277.25 devices; allocating additional amounts to the border city enterprise zones; making
 277.26 clarifying and conforming changes; removing obsolete language; requiring
 277.27 reports; appropriating money; amending Minnesota Statutes 2014, sections 13.51,
 277.28 subdivision 2; 15.38, subdivision 7; 69.021, subdivision 5; 116J.424; 136A.129,
 277.29 subdivision 3; 138.053; 216B.161, subdivision 1; 270.071, subdivisions 2, 7, 8,
 277.30 by adding a subdivision; 270.072, subdivisions 2, 3, by adding a subdivision;
 277.31 270.12, by adding a subdivision; 270.82, subdivision 1; 270A.03, subdivision
 277.32 5; 270B.14, subdivision 1; 270C.30; 270C.33, subdivisions 5, 8; 270C.34,
 277.33 subdivision 2; 270C.347, subdivision 1; 270C.35, subdivision 3, by adding
 277.34 a subdivision; 270C.38, subdivision 1; 270C.445, by adding a subdivision;
 277.35 270C.446, subdivision 5; 270C.72, subdivision 4; 270C.89, subdivision 1;
 277.36 271.06, subdivisions 2, 7; 271.08, subdivision 1; 271.21, subdivision 2; 272.02,
 277.37 subdivisions 9, 10, by adding subdivisions; 272.0211, subdivision 1; 272.025,
 277.38 subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295,
 277.39 subdivision 4; 272.115, subdivision 2; 272.162; 273.032; 273.061, subdivision
 277.40 7; 273.08; 273.121, by adding a subdivision; 273.124, subdivision 13; 273.13,
 277.41 subdivisions 22, 34; 273.1392; 273.1393; 273.33, subdivisions 1, 2; 273.371;
 277.42 273.372, subdivisions 1, 2, 4, by adding subdivisions; 274.01, subdivision 1;
 277.43 274.13, subdivision 1; 274.135, subdivision 3; 275.025, subdivisions 1, 2,
 277.44 4; 275.065, subdivisions 1, 3; 275.066; 275.07, subdivisions 1, 2; 275.08,
 277.45 subdivision 1b; 275.62, subdivision 2; 276.04, subdivision 2; 276.11, subdivision
 277.46 1; 276.111; 276A.01, subdivisions 8, 17; 278.01, subdivision 1; 278.12; 278.14,
 277.47 subdivision 1; 279.01, subdivisions 1, 2, 3; 279.03, subdivision 2; 279.37,
 277.48 subdivision 2; 282.01, subdivisions 1a, 1d, 4; 282.261, subdivision 2; 282.38,
 277.49 subdivision 1; 287.2205; 289A.08, subdivisions 11, 16, by adding a subdivision;
 277.50 289A.09, subdivisions 1, 2; 289A.11, subdivision 1; 289A.12, subdivision
 277.51 14; 289A.18, subdivision 1, by adding a subdivision; 289A.20, subdivision
 277.52 2; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38,
 277.53 subdivision 6; 289A.50, subdivision 7; 289A.60, subdivision 28, by adding a
 277.54 subdivision; 290.01, subdivisions 7, 19a, 19b, 19c, 19d; 290.06, subdivision 22;
 277.55 290.067, subdivisions 1, 2b; 290.0671, subdivision 7; 290.0672, subdivision
 277.56 1; 290.0674, subdivision 2, by adding a subdivision; 290.0677, subdivision
 277.57 1a; 290.068, subdivision 2; 290.091, subdivisions 2, 3; 290.0921, subdivision
 277.58 3; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision 1;

278.1 290A.03, subdivision 13; 290A.19; 290C.01; 290C.02, subdivisions 1, 3, 6;
 278.2 290C.03; 290C.04; 290C.05; 290C.055; 290C.07; 290C.08, subdivision 1;
 278.3 290C.10; 290C.11; 290C.13, subdivision 6; 291.016, subdivisions 2, 3; 291.03,
 278.4 subdivisions 9, 11, by adding a subdivision; 291.031; 295.54, subdivision 2;
 278.5 295.55, subdivision 6; 296A.01, subdivisions 12, 33, 42, by adding subdivisions;
 278.6 296A.02, by adding a subdivision; 296A.07, subdivisions 1, 4; 296A.08,
 278.7 subdivision 2; 296A.09, subdivisions 1, 3, 5, 6; 296A.15, subdivisions 1, 4;
 278.8 296A.17, subdivisions 1, 2, 3; 296A.18, subdivisions 1, 8; 296A.19, subdivision
 278.9 1; 296A.22, subdivision 9; 296A.26; 297A.61, subdivisions 3, 10; 297A.66,
 278.10 subdivisions 1, 2, 4, by adding a subdivision; 297A.67, subdivision 7a, by adding
 278.11 subdivisions; 297A.68, subdivision 9; 297A.70, subdivision 14; 297A.71, by
 278.12 adding subdivisions; 297A.75, subdivisions 1, 2, 3; 297A.815, subdivision 3;
 278.13 297A.82, subdivisions 4, 4a; 297D.02; 297E.02, subdivisions 1, 3, 7; 297E.04,
 278.14 subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.01,
 278.15 subdivision 19, by adding subdivisions; 297F.05, subdivisions 1, 3, by adding
 278.16 subdivisions; 297F.09, subdivision 1; 297F.23; 297G.09, subdivision 1; 297G.22;
 278.17 297H.04, subdivision 2; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10,
 278.18 subdivisions 1, 3; 297I.30, by adding a subdivision; 297I.60, subdivision 2;
 278.19 298.001, subdivision 8; 298.01, subdivisions 3b, 4c; 298.22, subdivisions 1, 1a,
 278.20 5a, 6, 8, 10, 11; 298.221; 298.2211, subdivision 3; 298.2213, subdivisions 4, 5,
 278.21 6; 298.223, subdivisions 1, 2; 298.227; 298.24, by adding a subdivision; 298.28,
 278.22 subdivisions 3, 5, 7a, 9d; 298.292, subdivision 2; 298.294; 298.296, subdivisions
 278.23 1, 2, 4; 298.2961, subdivisions 2, 4; 298.298; 298.46, subdivision 2; 349.12, by
 278.24 adding a subdivision; 366.095, subdivision 1; 383B.117, subdivision 2; 410.32;
 278.25 412.301; 469.034, subdivision 2; 469.101, subdivision 1; 469.169, by adding a
 278.26 subdivision; 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.319,
 278.27 subdivision 5; 473.39, by adding a subdivision; 473H.09; 475.58, subdivision
 278.28 3b; 475.60, subdivision 2; 477A.013, by adding a subdivision; 477A.017,
 278.29 subdivisions 2, 3; 477A.03, subdivision 2b; 477A.19, by adding subdivisions;
 278.30 559.202, subdivision 2; 609.5316, subdivision 3; Minnesota Statutes 2015
 278.31 Supplement, sections 16A.152, subdivision 2; 289A.02, subdivision 7; 290.01,
 278.32 subdivisions 19, 31; 290.0671, subdivision 1; 290A.03, subdivision 15; 291.005,
 278.33 subdivision 1; 297E.02, subdivision 6; 477A.015; 477A.03, subdivision 2a; Laws
 278.34 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws
 278.35 1988, chapter 645, section 3, as amended; Laws 1991, chapter 291, article 8,
 278.36 section 27, subdivisions 3, as amended, 4, as amended, 5, 6; Laws 1996, chapter
 278.37 471, article 2, section 29, subdivision 4, as amended; article 3, section 51; Laws
 278.38 1999, chapter 243, article 4, section 18, subdivision 1, as amended; Laws 2001,
 278.39 First Special Session chapter 5, article 3, section 86; Laws 2008, chapter 154,
 278.40 article 9, section 21, subdivision 2; Laws 2008, chapter 366, article 7, section 20;
 278.41 Laws 2009, chapter 88, article 2, section 46, subdivisions 1, as amended, 2, 3, as
 278.42 amended, 4, 5; article 5, section 17, as amended; Laws 2014, chapter 308, article
 278.43 1, section 14, subdivision 2; article 6, section 9; article 9, section 94; proposing
 278.44 coding for new law in Minnesota Statutes, chapters 103C; 116J; 216B; 270C;
 278.45 273; 290; 290B; 290C; 293; 477A; 609; repealing Minnesota Statutes 2014,
 278.46 sections 272.02, subdivision 23; 281.22; 290.067, subdivisions 2, 2a; 290C.02,
 278.47 subdivisions 5, 9; 290C.06; 297F.05, subdivision 1a; 477A.20; Minnesota Rules,
 278.48 parts 8092.1400; 8092.2000; 8100.0700; 8125.1300, subpart 3."