ARTICLE ...
MISCELLANEOUS

Section 1. Minnesota Statutes 2021 Supplement, section 3.192, is amended to read:

3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.

(a) ~~Any~~ Within 60 days after final enactment of a bill that creates, renews, or continues a tax expenditure ~~must include~~, the chairs of the house of representatives and senate committees with primary jurisdiction over taxes must submit to the Tax Expenditure Review Commission a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.

(b) For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6, and "Tax Expenditure Review Commission" has the meaning given in section 3.855.

(c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure must include an expiration date for the tax expenditure that is no more than eight years from the day the provision takes effect.

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

Sec. 2. Minnesota Statutes 2021 Supplement, section 3.8855, subdivision 4, is amended to read:

Subd. 4. **Duties.** (a) ~~In the first~~ For not more than three years after the commission is established, the commission must complete an initial review of the state's tax expenditures. The initial review must identify the purpose of each of the state's tax expenditures, if none was identified in the enacting legislation or submitted to the commission in accordance with section 3.192. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) In each year following the initial review under paragraph (a), the commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The commission must establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years. The commission may review expenditures affecting similar constituencies or policy areas in the same year, but the commission must review a subset of the tax expenditures within each tax type each year. To the extent possible, the commission must review a similar number of tax expenditures within each tax type each year. The commission may decide not to review a tax expenditure that is adopted by reference to federal law.

(c) Before December 1 of the year a tax expenditure is included in a commission report, the commission must hold a public hearing on the expenditure, including but not limited to a presentation of the review components in subdivision 5.

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

Sec. 3. Minnesota Statutes 2021 Supplement, section 3.8855, subdivision 5, is amended to read:

Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission must at a minimum:

(1) provide an estimate of the annual revenue lost as a result of the expenditure;

(2) identify the purpose of the tax expenditure if none was identified in the enacting legislation or submitted to the commission in accordance with section 3.192;

(3) estimate the measurable impacts and efficiency of the tax expenditure in accomplishing the purpose of the expenditure;

(4) compare the effectiveness of the tax expenditure and a direct expenditure with the same purpose;

(5) identify potential modifications to the tax expenditure to increase its efficiency or effectiveness;

(6) estimate the amount by which the tax rate for the relevant tax could be reduced if the revenue lost due to the tax expenditure were applied to a rate reduction;

(7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

(8) consider the cumulative fiscal impacts of other state and federal taxes providing benefits to taxpayers for similar activities; and

(9) recommend whether the expenditure be continued, repealed, or modified.

(b) The commission may omit a component in paragraph (a) if the commission determines it is not feasible due to the lack of available data, third-party research, staff resources, or lack of a majority support for a recommendation.

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

Sec. 4. Minnesota Statutes 2021 Supplement, section 3.8855, subdivision 7, is amended to read:

Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must submit a written report to the legislative committees with jurisdiction over tax policy. The report must detail the results of the commission's review of tax expenditures ~~in~~ for the ~~previous calendar~~ year, including the review components detailed in subdivision 5.

(b) Notwithstanding paragraph (a), during the period of initial review under subdivision 4, the report may be limited to the purpose statements and metrics for evaluating the effectiveness of expenditures, as identified by the commission. The report may also include relevant publicly available data on an expenditure.

(c) The report may include any additional information the commission deems relevant to the review of an expenditure.

(d) The legislative committees with jurisdiction over tax policy must hold a public hearing on the report during the regular legislative session in the year following the year in which the report was submitted.

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

Sec. 5. Minnesota Statutes 2020, section 270C.11, is amended by adding a subdivision to read:

Subd. 2a. **Report of expiring tax expenditures.** By October 1 of each year, the commissioner shall provide a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over taxation listing each tax expenditure that, absent legislative action, will expire before July 1 of the following year.

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

Sec. 6. Minnesota Statutes 2021 Supplement, section 270C.11, subdivision 4, is amended to read:

Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

(1) the amount of tax revenue forgone;

(2) a citation of the statutory or other legal authority for the expenditure;

(3) the year in which it was enacted or the tax year in which it became effective;

(4) the purpose of the expenditure, as identified in the enacting legislation, as submitted to the commission in accordance with section 3.192 or as determined by the Tax Expenditure Review Commission;

(5) the incidence of the expenditure, if it is a significant sales or income tax expenditure; and

(6) the revenue-neutral amount by which the relevant tax rate could be reduced if the expenditure were repealed.

(b) The report may contain additional information which the commissioner considers relevant to the legislature's consideration and review of individual tax expenditure items. This may include but is not limited to analysis of whether the expenditure is achieving that objective and the effect of the expenditure on the administration of the tax system.

EFFECTIVE DATE. This section is effective for tax expenditure budgets due on or after November 1, 2023.

Sec. 7. Minnesota Statutes 2020, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

~~(h) The commissioner shall charge a fee for entering into payment agreements. The fee is set at $50 and is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.~~

EFFECTIVE DATE. This section is effective for requests for payment agreements entered into after June 24, 2022.

Sec. 8. Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20, is amended to read:

Subd. 20. **Miscellaneous withholding arrangements.** (a) For purposes of this section, any payment or distribution to an individual as defined under section 3405(e)(2) or (3) of the Internal Revenue Code shall be ~~treated as if it were a payment of wages by an employer to an employee for a payroll period~~ subject to withholding at a rate of 6.25 percent, or any rate specified by the recipient. Any payment to an individual of sick pay which does not constitute wages, determined without regard to this subdivision, shall be treated as if it were a payment of wages by an employer to an employee for a payroll period, if, at the time the payment is made a request that such sick pay be subject to withholding under this section is in effect. Sick pay means any amount which:

(1) is paid to an employee pursuant to a plan to which the employer is a party, and

(2) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries.

(b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain collective bargaining agreements shall conform with the provisions of section 3402(o)(3), (4), and (5) of the Internal Revenue Code.

(c) The commissioner is authorized by rules to provide for withholding:

(1) from remuneration for services performed by an employee for the employer which, without regard to this subdivision, does not constitute wages, and

(2) from any other type of payment with respect to which the commissioner finds that withholding would be appropriate under the provisions of this section, if the employer and the employee, or in the case of any other type of payment the person making and the person receiving the payment, agree to such withholding. Such agreement shall be made in such form and manner as the commissioner may by rules provide. For purposes of this section remuneration or other payments with respect to which such agreement is made shall be treated as if they were wages paid by an employer to an employee to the extent that such remuneration is paid or other payments are made during the period for which the agreement is in effect.

(d) An individual receiving a payment or distribution under paragraph (a) may elect to have paragraph (a) not apply to the payment or distribution ~~as follows.~~

~~(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code,~~ and an election remains in effect until revoked by such individual.

~~(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the election is on a distribution-by-distribution basis.~~

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

Sec. 9. Minnesota Statutes 2020, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
~~$0 to 1,739~~ $0 to $1,939	1.0 percent	15 percent	~~2,770~~ $ 3,290
~~1,740 to 3,459~~ $1,940 to $3,859	1.1 percent	15 percent	~~2,770~~ $ 3,290
~~3,460 to 5,239~~ $3,860 to $5,849	1.2 percent	15 percent	~~2,770~~ $ 3,290
~~5,240 to 6,989~~ $5,850 to $7,799	1.3 percent	20 percent	~~2,770~~ $ 3,290
~~6,990 to 8,719~~ $7,800 to $9,729	1.4 percent	20 percent	~~2,770~~ $ 3,290
~~8,720 to 12,219~~ $9,730 to $13,639	1.5 percent	20 percent	~~2,770~~ $ 3,290
~~12,220 to 13,949~~ $13,640 to $15,569	1.6 percent	20 percent	~~2,770~~ $ 3,290
~~13,950 to 15,709~~ $15,570 to $17,529	1.7 percent	20 percent	~~2,770~~ $ 3,290
~~15,710 to 17,449~~ $17,530 to $19,479	1.8 percent	20 percent	~~2,770~~ $ 3,290
~~17,450 to 19,179~~ $19,480 to $21,409	1.9 percent	25 percent	~~2,770~~ $ 3,290
~~19,180 to 24,429~~ $21,410 to $27,269	~~2.0 percent~~ 1.9 percent	25 percent	~~2,770~~ $ 3,290
~~24,430 to 26,169~~ $27,270 to $29,209	~~2.0 percent~~ 1.9 percent	30 percent	~~2,770~~ $ 3,290
~~26,170 to 29,669~~ $29,210 to $33,119	~~2.0 percent~~ 1.9 percent	30 percent	~~2,770~~ $ 3,290
~~29,670 to 41,859~~ $33,120 to $46,719	2.0 percent	~~35 percent~~ 30 percent	~~2,770~~ $ 3,290
~~41,860 to 61,049~~ $46,720 to $68,139	2.0 percent	~~35 percent~~ 30 percent	~~2,240~~ $ 2,700
~~61,050 to 69,769~~ $68,140 to $77,869	2.0 percent	~~40 percent~~ 35 percent	~~1,960~~ $ 2,390

~~69,770 to 78,499~~ $77,870 to $87,619	2.1 percent	40 percent	~~1,620~~ $ 2,010
~~78,500 to 87,219~~ $87,620 to $97,349	2.2 percent	40 percent	~~1,450~~ $ 1,820
~~87,220 to 95,939~~ $97,350 to $107,079	2.3 percent	40 percent	~~1,270~~ $ 1,620
~~95,940 to 101,179~~ $107,080 to $112,929	2.4 percent	45 percent	~~1,070~~ $ 1,390
~~101,180 to 104,689~~ $112,930 to $116,849	2.5 percent	45 percent	~~890~~ $ 1,190
~~104,690 to 108,919~~ $116,850 to $121,569	2.5 percent	50 percent	~~730~~ $ 1,010
~~108,920 to 113,149~~ $121,570 to $126,289	2.5 percent	50 percent	~~540~~ $ 800

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~$113,150~~ $126,290 or more.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2023 and following years.

Sec. 10. Minnesota Statutes 2020, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead increase more than ~~12~~ ten percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is $100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of ~~12~~ ten percent of the prior year's property taxes payable or $100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is ~~$1,000~~ $2,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2023 and thereafter.

Sec. 11. Minnesota Statutes 2020, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under ~~subdivisions 2 and 2a~~ subdivision 2 as provided in section 270C.22. The statutory year is ~~2018~~ 2022.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2024 and following years.

Sec. 12. Minnesota Statutes 2021 Supplement, section 297E.02, subdivision 3, is amended to read:

Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Distributors must file their monthly sales figures with the commissioner on a form prescribed by the commissioner. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(c)(1) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

(2) For fiscal years 2024 and 2025 only, the appropriations under clause (1) must not be less than the amounts estimated for those appropriations for fiscal years 2024 and 2025 under the February 2022 budget and economic forecast.

(d) The commissioner of human services must provide to the state affiliate recognized by the National Council on Problem Gambling a monthly statement of the amounts deposited under paragraph (c). Beginning January 1, 2022, the commissioner of human services must provide to the chairs and ranking minority members of the legislative committees with jurisdiction over treatment for problem gambling and to the state affiliate recognized by the National Council on Problem Gambling an annual reconciliation of the amounts deposited under paragraph (c). The annual reconciliation under this paragraph must include the amount allocated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98, and the amount allocated to the state affiliate recognized by the National Council on Problem Gambling.

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

Sec. 13. Minnesota Statutes 2020, section 297E.02, subdivision 6, is amended to read:

Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under subdivision 1, a tax is imposed on the combined net receipts of the organization. As used in this section, "combined net receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for the fiscal year. The combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over ~~$87,500~~ $100,000	~~nine~~ five percent
Over ~~$87,500~~ $100,000, but not over $122,500	~~$7,875~~ $5,000 plus 18 percent of the amount over ~~$87,500~~ $100,000, but not over $122,500
Over $122,500, but not over $157,500	~~$14,175~~ $9,050 plus 27 percent of the amount over $122,500, but not over $157,500
Over $157,500	~~$23,625~~ $18,500 plus 36 percent of the amount over $157,500

(b) Gross receipts derived from sports-themed tipboards are exempt from taxation under this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning numbers are determined by the numerical outcome of a professional sporting event.

EFFECTIVE DATE. This section is effective for games reported as played after June 30, 2023.

Sec. 14. Minnesota Statutes 2020, section 297E.021, subdivision 2, is amended to read:

Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the commissioner of management and budget, in consultation with the commissioner, shall determine the estimated increase in revenues received from taxes imposed under this chapter over ~~the estimated revenues under the February 2012 state budget forecast for that fiscal year. For fiscal years after fiscal year 2015, the commissioner of management and budget shall use the February 2012 state budget forecast for fiscal year 2015 as the~~ a baseline of: (1) $30,100,000 in fiscal year 2024; and (2) $29,200,000 in fiscal year 2025 and thereafter. All calculations under this subdivision must be made net of estimated refunds of the taxes required to be paid.

EFFECTIVE DATE. This section is effective for fiscal year 2024 and thereafter.

Sec. 15. Minnesota Statutes 2020, section 297H.13, subdivision 2, is amended to read:

Subd. 2. **Allocation of revenues.** (a) ~~$33,760,000, or 70 percent, whichever is greater,~~ Of the amounts remitted under this chapter, 73 percent in fiscal year 2023 and thereafter must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) The remainder must be deposited into the general fund.

(c) Beginning in fiscal year 2023 and continuing each year thereafter, the difference between the amount deposited in the environmental fund under paragraph (a) and the amount that would have been deposited under paragraph (a) before being amended by this act is appropriated to the commissioner of the Pollution Control Agency for distribution to counties under section 115A.557, and must be expended by counties on activities listed in section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11).

Sec. 16. Minnesota Statutes 2020, section 298.28, subdivision 5, is amended to read:

Subd. 5. **Counties.** (a) 21.05 cents per taxable ton ~~for distributions in 2015 through 2023, and 26.05 cents per taxable ton for distributions beginning in 2024,~~ is allocated to counties to be distributed, based upon certification by the commissioner of revenue, under paragraphs (b) to (d).

(b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision 2 is the basis for the distribution.

(c) 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b) shall be paid to a county that received a distribution under this section in 2000 because there was located in the county an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite in a different county.

(d) 10.525 cents per taxable ton ~~for distributions in 2015 through 2023, and 15.525 cents per taxable ton for distributions beginning in 2024,~~ shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in subdivision 2.

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

Sec. 17. Minnesota Statutes 2020, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions in 2015 through ~~2023~~ 2043, ten cents per taxable ton of the tax imposed under section 298.24; and

(ii) for distributions beginning in ~~2024~~ 2044, five cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3); and

(3) any other amount as provided by law.

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

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

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

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

Sec. 18. Minnesota Statutes 2020, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. **Taconite environmental fund.** Five cents per ton through distributions in 2043 must be paid to the taconite environmental fund for use under section 298.2961, subdivision 4. Beginning with distributions in 2044, ten cents per ton must be paid to the taconite environmental fund of which five cents per ton must be used as provided under section 298.2961, subdivision 4.

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

Sec. 19. Minnesota Statutes 2020, section 462A.38, is amended to read:

462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.

Subdivision 1. **Establishment.** A workforce and affordable homeownership development program is established to award homeownership development grants and loans to cities, counties, Tribal governments, nonprofit organizations, cooperatives created under chapter 308A or 308B, and community land trusts created for the purposes outlined in section 462A.31, subdivision 1, for development of workforce and affordable homeownership projects. The purpose of the program is to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota.

Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be used for:

(1) development costs;

(2) rehabilitation;

(3) land development; and

(4) residential housing, including storm shelters and related community facilities.

(b) A project funded through ~~the grant~~ this program shall serve households that meet the income limits as provided in section 462A.33, subdivision 5, unless a project is intended for the purpose outlined in section 462A.02, subdivision 6.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for grants and loans under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program. In making grants and loans, the commissioner shall establish semiannual application deadlines in which grants and loans will be authorized from all or part of the available appropriations.

Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost.

Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2023, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over housing and workforce development specifying the projects that received grants and loans under this section, the amount of each grant or loan, and the specific purposes for which the grant or loan funds were used. The report must summarize the number of projects, number of new units created, and number of units rehabilitated, by county. The report must indicate the sum of the repaid loan amounts for the most recent reporting period and describe how the agency used the funds from repaid loans.

Subd. 7. **Workforce and affordable homeownership development account.** A workforce and affordable homeownership development account is established in the housing development fund. Money in the account, including interest, is appropriated to the commissioner of the Housing Finance Agency for the purposes of this section. The amount appropriated under this section must supplement traditional sources of funding for this purpose and must not be used as a substitute or to pay debt service on bonds.

Subd. 8. **Deposits; funding amount.** (a) In fiscal years 2023 to 2030, an amount equal to $7,500,000 of the state's portion of the proceeds derived from the mortgage registry tax imposed under section 287.035 and the deed tax imposed under section 287.21 is appropriated from the general fund to the commissioner of the Housing Finance Agency to transfer to the housing development fund for deposit into the workforce and affordable homeownership development account. The appropriation must be made annually by September 15.

(b) All loan repayments received under this section are to be deposited into the workforce and affordable homeownership development account in the housing development fund.

(c) This subdivision expires September 16, 2029.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 20. **POLAR VORTEX RESPONSE; ENERGY REBATE GRANTS.**

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

(b) "Commissioner" means the commissioner of the Department of Commerce.

(c) "Critical period" means the period beginning February 12, 2021, and ending February 17, 2021.

(d) "Customer" means a person in Minnesota who purchased natural gas during the critical period from a utility.

(e) "Impacted volume" means the volume of natural gas a utility purchased for immediate delivery in Minnesota during the critical period.

(f) "Incremental cost" means the incremental cost of natural gas purchased during the critical period, calculated by multiplying the utility's incremental price by its impacted volume.

(g) "Incremental price" means the average unit price a utility paid for natural gas purchased for immediate delivery during the critical period, minus the average natural gas unit price for wholesale natural gas the utility paid during the period between February 5, 2021, and February 10, 2021.

(h) "Utility" means a nonprofit municipal utility established under Minnesota Statutes, chapter 412, that: (1) is owned by the city to which it provides service; and (2) sells natural gas to retail customers in Minnesota.

Subd. 2. **Energy rebate grants.** (a) A utility that charged customers part or all of the incremental cost for wholesale natural gas purchased during the critical period may apply to the commissioner for an energy rebate grant equal to the amount of incremental costs charged to all its customers. A utility must apply to the commissioner for a grant in a form and manner prescribed by the commissioner and, as requested by the commissioner, must submit evidence supporting the grant request amount.

(b) No later than September 15, 2022, the commissioner of commerce must distribute energy rebate grants to utilities. If appropriations under this section are insufficient to pay grants equal to the total amount requested, the commissioner must prorate grant amounts in a manner determined by the commissioner.

Subd. 3. **Calculation of energy rebates; use of grants.** (a) No later than July 1, 2022, a utility requesting a grant under subdivision 2 must calculate for each customer the incremental price multiplied by the volume of natural gas consumed by the customer.

(b) A utility must use grant funds received under subdivision 2 to provide rebates to all existing customers for incremental energy costs that were charged to customers, if any. If a utility's energy grant is insufficient to provide rebates equal to the total amount of incremental costs charged to customers, the utility must prorate the rebate for each customer based on the amount of incremental costs charged to the customer.

(c) By December 31, 2022, a utility must return to the commissioner of commerce any grant amounts that were not distributed as rebates under paragraph (b). Any returned amounts cancel to the general fund.

Subd. 4. **Appropriation.** $14,700,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of commerce for the purpose of issuing energy rebate grants under subdivision 2. This is a onetime appropriation. Any unexpended funds remaining on December 31, 2022, cancel to the general fund.

Sec. 21. **CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.**

The city of Virginia may finance the construction of a public safety building in the city of Virginia by obtaining a loan from the United States Department of Agriculture secured by its general obligation pledge. Any bonds issued relating to this construction project or repayment of the loan must not be included in the computation of the city's limit on net debt under Minnesota Statutes, section 475.53, subdivision 1.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 22. **INDEPENDENT SCHOOL DISTRICT NO. 696, ELY; BONDS.**

Subdivision 1. **Authorization.** Independent School District No. 696, Ely, may issue bonds in an aggregate principal amount not exceeding $9,500,000, in addition to any bonds already issued or authorized, to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings. The district may spend the proceeds of the bond sale for those purposes and any architectural, engineering, and legal fees incidental to those purposes or the sale. Bonds may be issued under this section without a referendum. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. An election on the question of issuing the bonds is not required. A resolution of the board levying taxes for the payment of principal and interest on the bonds as authorized by this section and pledging the proceeds of the levies for the payment of principal and interest on the bonds shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 2. **Levy limitations.** Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 3. **Bonding limitations.** Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 4. **Local approval required.** This section is effective for Independent School District No. 696, Ely, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

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

Sec. 23. **COOK AND LAKE COUNTY PROPERTY TAX REFUNDS; CALENDAR YEAR 2022.**

Subdivision 1. **Definitions.** (a) Unless otherwise indicated, the definitions under Minnesota Statutes, section 276A.01, apply to this section.

(b) "Areawide tax rate" means the areawide tax rate determined under Minnesota Statutes, section 276A.06, subdivision 5.

(c) "Contribution percentage" means the proportion of the net tax capacity of a property that is subject to the areawide tax rate.

(d) "Eligible county" means Cook County or Lake County.

(e) "Eligible property" means a commercial-industrial property located in an eligible county.

Subd. 2. **Refund amount.** (a) The refund amount for each eligible property equals the greater of zero or the result of the following calculation:

(1) the total property tax payable for the property in calendar year 2022; minus

(2) the total property tax payable for the property in calendar year 2022 computed as if the contribution percentage applicable to the property for taxes payable in 2022 were equal to the contribution percentage applicable to commercial-industrial property in that municipality for taxes payable in 2020; minus

(3) ten percent of the total property tax payable for the property in calendar year 2022.

(b) For the purposes of this subdivision, "total property tax" does not include amounts attributable to special assessments. For a property that is split-classified, total property tax means the tax attributable to the portion of the property classified as commercial-industrial.

Only the portion of a property classified as commercial-industrial is eligible for a refund under this section.

Subd. 3. **Administration of refunds.** (a) No later than September 1, 2022, the auditor of each eligible county must calculate the refund amount under subdivision 2 for each eligible property in that county. The auditor must certify the refund amounts for each taxpayer in the county to the county treasurer and to the commissioner of revenue, in the form and manner determined by the commissioner.

(b) No later than October 1, 2022, the commissioner of revenue must pay each eligible county an amount equal to the total amount of refunds certified for that county under paragraph (a).

(c) No later than November 1, 2022, the treasurer of each eligible county must issue a refund of the amounts certified for each eligible property under paragraph (a) to taxpayers in that county.

(d) Notwithstanding paragraphs (b) and (c), if the appropriation is insufficient to pay the full amount of the refunds calculated and certified under paragraph (a), the commissioner of revenue must recalculate prorated refund amounts for each eligible property and the refund issued to taxpayers in each county must be the prorated amount.

Subd. 4. **Appropriation.** A sum sufficient to make the payments required of the commissioner of revenue under this section, not to exceed $2,000,000, is appropriated in fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime appropriation.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 24. **COUNTY PANDEMIC COMMUNITY RELIEF AID; APPROPRIATION.**

Subdivision 1. **Appropriation.** $20,000,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of revenue for payments to counties to provide rental assistance under this section. This is a onetime appropriation. After June 30, 2023, a county must return any unspent funds to the commissioner of revenue, and any amounts returned cancel to the general fund.

Subd. 2. **Rental assistance payments.** (a) From the amount available under subdivision 1, each county shall be issued a payment equal to the product of the amount available under subdivision 1, multiplied by the number of rent-burdened households in the county, divided by the number of rent-burdened households in the state. The number of rent-burdened households shall be determined using the 2020 experimental estimates provided by the American Community Survey of the United States Census Bureau.

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

(1) "eligible household" means a household in which household income is at or below 50 percent of area median income, as adjusted for household size;

(2) "rent-burdened household" means a household in which gross rent is 30 percent or more of household income; and

(3) "rental assistance" means payments for:

(i) rent;

(ii) rental arrears;

(iii) utilities and home energy costs;

(iv) utilities and home energy costs arrears; and

(v) other expenses related to housing incurred due, directly or indirectly, to the novel coronavirus disease COVID-19 outbreak.

(c) Except as provided in paragraph (d), aid received under this subdivision must be used to provide rental assistance to eligible households.

(d) A county receiving a payment under this subdivision may use the greater of $6,250 or 2.5 percent of the total amount received under this subdivision for administrative costs attributable to providing rental assistance.

(e) A county receiving aid under this subdivision may distribute the aid to a community action agency or a nonprofit to provide rental assistance to eligible households.

Sec. 25. **PAYMENT AGREEMENT FEE, INTEREST, AND PENALTY.**

For a tax order issued by the commissioner of revenue for underpayment of individual income tax resulting from the miscalculation of the standard deduction under Minnesota Statutes, section 290.0123, subdivision 5, for taxable years beginning after December 31, 2018, and before January 1, 2021, notwithstanding the terms of payment in the tax order, the following provisions apply:

(1) the commissioner must not take enforced collection actions to collect the underpayment until after 12 months from the date of the tax order;

(2) if a taxpayer enters into a payment agreement under Minnesota Statutes, section 270C.52, subdivision 2, to pay the amount of the underpayment, the commissioner must return the $50 fee charged under Minnesota Statutes, section 270C.52, subdivision 2, paragraph (h); and

(3) the provisions of Minnesota Statutes, sections 289A.55 and 289A.60, do not apply until after 12 months from the date of the tax order.

EFFECTIVE DATE. This section is effective the day following final enactment, except clause (2) is effective for payment agreements for the underpayment entered into after April 24, 2022.

Sec. 26. **ADMINISTRATIVE APPROPRIATION; DEPARTMENT OF REVENUE.**

$2,500,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue to administer this act. This is a onetime appropriation and is available until June 30, 2023. Any unused balance cancels to the general fund. The base amount in fiscal year 2024 is $2,500,000 and the base amount in fiscal year 2025 and thereafter is $0.

Sec. 27. **ADMINISTRATIVE APPROPRIATION; HOUSING FINANCE.**

$150,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of housing finance to administer the Workforce and Affordable Homeownership Development Program in Minnesota Statutes, section 462A.38. This appropriation is in addition to any other appropriation for this purpose. This is a onetime appropriation and is not added to the base.