

- 1.1 moves to amend H.F. No. 5247, the delete everything amendment
1.2 (A24-0302), as follows:
- 1.3 Page 4, lines 5 to 7, delete the new language
- 1.4 Page 4, line 18, after "1" insert ", and any amended or adjusted returns"
- 1.5 Page 4, line 26, after "year" insert "as determined by the original, or most recent amended
1.6 or adjusted return"
- 1.7 Page 9, line 13, delete everything after the period and insert "A taxpayer is eligible for
1.8 the minimum credit under this subdivision if:"
- 1.9 Page 9, delete lines 14 to 16 and insert:
- 1.10 "(1) the taxpayer received an advance payment of the credit under subdivision 8; and
1.11 (2) the taxpayer's income was low enough to qualify for the credit under subdivision 2
1.12 in the preceding taxable year."
- 1.13 Page 9, delete lines 25 to 30
- 1.14 Page 10, delete lines 1 to 9
- 1.15 Page 14, line 12, delete "January" and insert "February"
- 1.16 Page 15, after line 28, insert:
- 1.17 "Sec. **APPROPRIATION; CORPORATE FRANCHISE TAX INFORMATION**
1.18 **DISCLOSURE.**
- 1.19 \$480,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
1.20 of revenue to administer the publication of corporate franchise tax information required
1.21 under Minnesota Statutes, section 270B.163. The base for this appropriation is \$198,000
1.22 in fiscal year 2026 and \$198,000 in fiscal year 2027.

2.1 Sec. **APPROPRIATION; CORPORATE TAX BASE EROSION STUDY.**

2.2 \$655,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
2.3 of revenue to produce the study required in section 16. This is a onetime appropriation and
2.4 is available until June 30, 2025.

2.5 Sec. **CHILD TAX CREDIT ACCOUNT; TRANSFER; APPROPRIATION.**

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

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

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

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

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

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

2.23 Page 36, after line 23, insert:

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

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

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

3.1 (2) an individual who is a Minnesota resident is not required to file a Minnesota income
3.2 tax return if the individual's gross income derived from Minnesota sources as determined
3.3 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions
3.4 12 and 15, is less than the filing requirements for a single individual who is a full-year
3.5 resident of Minnesota.

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

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

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

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

3.19 **EFFECTIVE DATE.** This section is effective for credits applied to property taxes
3.20 payable in 2026 and thereafter."

3.21 Page 37, delete section 15 and insert:

3.22 "Sec. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision
3.23 to read:

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

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

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

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

4.1 Page 38, line 19, after the period, insert "To receive an advance credit under this section,
4.2 a claimant must submit an application to the commissioner no later than August 15 of the
4.3 year prior to the property taxes payable year."

4.4 Page 38, line 29, after the period, insert "If the claimant does not submit an application
4.5 by August 15 of the property taxes payable year for which the claimant received an advance
4.6 credit, the commissioner may assess a penalty consistent with the penalty for a late individual
4.7 income tax return under section 289A.60, subdivision 1, paragraph (c), and interest as
4.8 provided in section 289A.55."

4.9 Page 40, line 8, after "income" insert "as estimated by the United States Department of
4.10 Housing and Urban Development for the political subdivision in which the project is located"

4.11 Page 43, after line 13, insert:

4.12 "Sec. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 7, is amended
4.13 to read:

4.14 Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must
4.15 produce a report on projects and programs funded by counties and Tribal governments under
4.16 this section. The report must include a list of the projects and programs, the number of
4.17 people served by each, and an assessment of how each project and program impacts people
4.18 who are currently experiencing homelessness or who are at risk of experiencing
4.19 homelessness, as reported by the counties and Tribal governments to the commissioner by
4.20 December 31 each year on a form prescribed by the commissioner. The commissioner must
4.21 provide a copy of the report to the chairs and ranking minority members of the legislative
4.22 committees with jurisdiction over property taxes and services for persons experiencing
4.23 homelessness.

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

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

4.31 Page 43, line 25, after "Nation" insert "College Without Borders, LLC"

4.32 Page 43, line 31, delete "2024" and insert "2025"

5.1 Page 72, delete lines 8 to 11 and insert:

5.2 "(g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph
 5.3 (b), is considered to be met for the district if the city adopts interfund loan resolutions
 5.4 reflecting the terms and conditions required by Minnesota Statutes, section 469.178,
 5.5 subdivision 7, paragraph (d), by December 31, 2024."

5.6 Page 83, line 6, delete "TAX INCREMENT FINANCING AUTHORITY" and insert
 5.7 "OPUS TIF DISTRICT"

5.8 Page 83, line 11 delete "renewal and renovation" and insert "Opus"

5.9 Page 85, delete article 6 and insert:

5.10 **"ARTICLE 6**
 5.11 **LOCAL SALES AND USE TAXES**

5.12 Section 1. Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 1, is
 5.13 amended to read:

5.14 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose
 5.15 a general sales tax:

5.16 (1) under section 297A.9901;

5.17 (2) under section 297A.9915, ~~(2)~~;

5.18 (3) under section 297A.992, ~~(3)~~;

5.19 (4) under section 297A.9925, ~~(4)~~;

5.20 (5) under section 297A.993, ~~(5)~~;

5.21 (6) if permitted by special law; or

5.22 ~~(6)~~ (7) if the political subdivision enacted and imposed the tax before January 1, 1982,
 5.23 and its predecessor provision.

5.24 (b) This section governs the imposition of a general sales tax by the political subdivision.
 5.25 The provisions of this section preempt the provisions of any special law:

5.26 (1) enacted before June 2, 1997, ~~or~~;

5.27 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
 5.28 provision from this section's rules by reference; or

5.29 (3) enacted before July 1, 2024.

6.1 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning
6.2 July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles
6.3 unless it is imposed under section 297A.993.

6.4 (d) A political subdivision may not advertise or expend funds for the promotion of a
6.5 referendum to support imposing a local sales tax and may only spend funds related to
6.6 imposing a local sales tax to:

6.7 (1) conduct the referendum;

6.8 (2) disseminate information included in the resolution adopted under subdivision 2, but
6.9 only if the disseminated information includes a list of specific projects and the cost of each
6.10 individual project;

6.11 (3) provide notice of, and conduct public forums at which proponents and opponents on
6.12 the merits of the referendum are given equal time to express their opinions on the merits of
6.13 the referendum;

6.14 (4) provide facts and data on the impact of the proposed local sales tax on consumer
6.15 purchases; and

6.16 (5) provide facts and data related to the individual programs and projects to be funded
6.17 with the local sales tax.

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

6.19 Sec. 2. Minnesota Statutes 2022, section 297A.99, is amended by adding a subdivision to
6.20 read:

6.21 Subd. 2a. **Scope.** The provisions of this section only apply to a tax imposed and enacted
6.22 by special law. A political subdivision seeking to amend, extend, or otherwise change a tax
6.23 imposed and enacted before July 1, 2024, must do so pursuant to the requirements of section
6.24 297A.9901.

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

6.26 Sec. 3. Minnesota Statutes 2022, section 297A.99, subdivision 3, is amended to read:

6.27 Subd. 3. **Legislative authority required before voter approval; requirements for**
6.28 **adoption, use, termination.** (a) A political subdivision must receive legislative authority
6.29 to impose a local sales tax before submitting the tax for approval by voters of the political
6.30 subdivision. Imposition of a local sales tax is subject to approval by voters of the political
6.31 subdivision at a general election. The election must be conducted at a general election within

7.1 the two-year period after the governing body of the political subdivision has received
7.2 authority to impose the tax. If the authorizing legislation allows the tax to be imposed for
7.3 more than one project, there must be a separate question approving the use of the tax revenue
7.4 for each project. Notwithstanding the authorizing legislation, a project that is not approved
7.5 by the voters may not be funded with the local sales tax revenue and the termination date
7.6 of the tax set in the authorizing legislation must be reduced proportionately based on the
7.7 share of that project's cost to the total costs of all projects included in the authorizing
7.8 legislation.

7.9 (b) The proceeds of the tax must be dedicated exclusively to payment of the construction
7.10 and rehabilitation costs and associated bonding costs related to the specific capital
7.11 improvement projects that were approved by the voters under paragraph (a).

7.12 (c) The tax must terminate after the revenues raised are sufficient to fund the projects
7.13 approved by the voters under paragraph (a).

7.14 (d) After a sales tax imposed by a political subdivision has expired or been terminated,
7.15 the political subdivision is prohibited from imposing a local sales tax for a period of one
7.16 year.

7.17 ~~(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to~~
7.18 ~~seek authority for a local sales tax at the November 6, 2018, general election and is granted~~
7.19 ~~authority to impose a local sales tax before January 1, 2021, the tax may be imposed without~~
7.20 ~~an additional referendum provided that it meets the requirements of subdivision 2 and the~~
7.21 ~~list of specific projects contained in the resolution does not conflict with the projects listed~~
7.22 ~~in the approving referendum. Beginning January 1, 2025, the reporting requirements under~~
7.23 ~~section 297A.9902 apply to taxes authorized under special law or the requirements of this~~
7.24 ~~section.~~

7.25 (f) If a tax is terminated because sufficient revenues have been raised, any amount of
7.26 tax collected under subdivision 9, after sufficient revenues have been raised and before the
7.27 quarterly termination required under subdivision 12, paragraph (a), that is greater than the
7.28 average quarterly revenues collected over the immediately preceding 12 calendar months
7.29 must be retained by the commissioner for deposit in the general fund.

7.30 (g) Upon expiration of a tax authorized under this section or any other law, ordinance,
7.31 or city charter, the combined tax rate limit in section 297A.9901, subdivision 7, applies.

7.32 (h) If, after receiving voter approval, a political subdivision cancels a project approved
7.33 by the voters, the political subdivision must notify the commissioner. The commissioner
7.34 must proportionately decrease the maximum amount of tax revenue the political subdivision

8.1 may collect and must adjust the termination of the tax accordingly. If the political subdivision
8.2 has already collected revenue for the canceled project, the political subdivision must return
8.3 the funds to the commissioner for deposit into the local sales tax equalization distribution
8.4 account.

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

8.6 Sec. 4. **[297A.9901] LOCAL SALES TAXES; LOCAL AUTHORIZATION**
8.7 **ALLOWED.**

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

8.10 (b) "Convention center" means a structure that is expressly designed and constructed
8.11 for the purpose of presenting conventions, public meetings, and exhibitions and that contains
8.12 at least 50,000 square feet for exhibit and meeting spaces and includes parking facilities
8.13 that serve the center.

8.14 (c) "Correctional facility" means a public facility licensed and inspected by the
8.15 commissioner of corrections, established and operated for the detention and confinement
8.16 of adults or juveniles, including but not limited to programs or facilities operating under
8.17 chapter 401, secure juvenile detention facilities, municipal holding facilities, juvenile
8.18 temporary holdover facilities, regional or local jails, lockups, work houses, work farms, and
8.19 detention facilities.

8.20 (d) "District court" means one of the ten judicial district courts in the state of Minnesota
8.21 subject to chapter 484.

8.22 (e) "Law enforcement center" means a facility that serves multiple communities and
8.23 provides public safety functions, including a fire or police station and a facility that provides
8.24 emergency 911 and dispatch functions, training facilities, court security and support,
8.25 emergency operations, evidence and record retention, and other public safety services.

8.26 (f) "Library" means a library that is part of a regional public library system as designated
8.27 by the regional library board pursuant to section 134.20.

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

8.29 (h) "Park" means an area of regional significance containing natural, seminatural, or
8.30 planted space set aside for enjoyment of the public and recreation or for the protection of
8.31 wildlife or natural habitats.

9.1 (i) "Political subdivision" means a county located in Minnesota or a statutory or home
9.2 rule charter city located in Minnesota.

9.3 (j) "Prevailing wage rate" has the meaning given in section 177.42, subdivision 6.

9.4 (k) "Specified capital project" means a convention center, correctional facility, district
9.5 court, law enforcement center, library, park, or trail. A specified capital project must serve
9.6 a regional population, provide economic development benefits and opportunities, or draw
9.7 nonresident individuals to the region.

9.8 (l) "Sports complex" means a defined area of sports pavilions, stadiums, gymnasiums,
9.9 swimming pools, or similar facilities where regional tournaments may be hosted, and where
9.10 members of the public engage in physical exercise, participate in athletic competitions,
9.11 witness sporting events, and host regional tournaments.

9.12 (m) "Trail" means a path or track passing through a natural area that serves a destination,
9.13 provides recreational opportunities, and draws a regional population.

9.14 Subd. 2. **Local authorization allowed.** Notwithstanding section 477A.016 or any other
9.15 law or ordinance, a political subdivision may impose, extend, or modify the uses of a local
9.16 sales tax to finance a specified capital project by: (1) meeting the requirements of this
9.17 section; (2) receiving approval from the commissioner; and (3) receiving voter approval.
9.18 The authorization under this section applies to an extension to or modification of a local
9.19 sales tax authorized under special law or the requirements of section 297A.99, or any other
9.20 law, ordinance, city charter, or other provision.

9.21 Subd. 3. **Use of proceeds.** The proceeds of a tax imposed under this section must be
9.22 dedicated exclusively to payment of construction or rehabilitation costs, including associated
9.23 bonding costs, related to the specified capital projects approved by the voters. Specified
9.24 capital projects must meet the requirements specified in subdivisions 1 and 4 to 6. The
9.25 political subdivision imposing the tax must not commingle revenue from a tax approved by
9.26 the voters under this section with revenue from a tax authorized under section 297A.99, or
9.27 any other law, ordinance, city charter, or other provision, including an extension of or
9.28 modification to the uses of a tax for a different project.

9.29 Subd. 4. **Sports complexes and convention centers; additional requirements.** (a) To
9.30 impose a tax to fund the construction or rehabilitation of a sports complex or convention
9.31 center, a political subdivision must demonstrate the following:

9.32 (1) an analysis of the surrounding region demonstrates that there is no similar sports
9.33 complex or convention center open to nonresidents at the same cost as residents within a

10.1 15-mile radius of the political subdivision for political subdivisions located outside of a
10.2 metropolitan county and within an eight-mile radius of the political subdivision for political
10.3 subdivisions located within a metropolitan county; and

10.4 (2) if admission or entry fees are charged to members of the public for use of the facility,
10.5 the fees must be charged equally to residents and nonresidents of the political subdivision
10.6 imposing the tax.

10.7 (b) The political subdivision must submit documentation of the requirements of paragraph
10.8 (a) to the commissioner pursuant to the requirements of section 297A.9902, subdivision 1.

10.9 **Subd. 5. Criminal justice facilities; additional requirements.** (a) To impose a tax to
10.10 fund the construction or rehabilitation of or improvements to a correctional facility, a political
10.11 subdivision must demonstrate the need for the facility by providing official documentation
10.12 of the age of the facility; and either:

10.13 (1) official correspondence from the Department of Corrections that includes an analysis
10.14 of the facility and description of the improvements or updates needed; or

10.15 (2) if the facility is a joint project between two or more counties, the joint powers
10.16 agreement or other official documentation between at least one other county demonstrating
10.17 that the facility will serve public safety functions for the region.

10.18 (b) To impose a tax to fund construction or rehabilitation of or improvements to a district
10.19 court office, a political subdivision must demonstrate the need for the facility by providing
10.20 the age of the facility and a description of improvements needed.

10.21 (c) To impose a tax to fund construction or rehabilitation of or improvements to a law
10.22 enforcement center, a political subdivision must provide resolutions from the governing
10.23 bodies of surrounding counties, statutory or home rule charter cities, or townships affirming
10.24 that the functions of the law enforcement center will meet the needs of the surrounding
10.25 county, statutory or home rule charter city, or township.

10.26 (d) The political subdivision must submit documentation of the requirements of
10.27 paragraphs (a) to (c) to the commissioner pursuant to the requirements of section 297A.9902,
10.28 subdivision 1.

10.29 **Subd. 6. Parks and trails; additional requirements.** (a) To impose a tax to fund the
10.30 construction or rehabilitation of or improvements to a park, a political subdivision must
10.31 demonstrate:

10.32 (1) the park provides a natural resource-based setting, outdoor recreation facilities, and
10.33 multiple activities that are primarily natural resource-based;

11.1 (2) the park occupies at least 100 acres of land;

11.2 (3) the park is utilized by a regional population; and

11.3 (4) the park includes unique natural, historic, or cultural features or characteristics.

11.4 (b) To impose a tax to fund the construction or rehabilitation of or improvements to a

11.5 trail, a political subdivision must demonstrate:

11.6 (1) the trail serves more than a local population and encompasses multiple jurisdictions;

11.7 and

11.8 (2) the trail connects to existing or planned state or regional parks or trails.

11.9 (c) The political subdivision must submit documentation of the requirements of

11.10 paragraphs (a) and (b) to the commissioner pursuant to the requirements of section

11.11 297A.9902, subdivision 1.

11.12 (d) In determining whether the proposed park or trail meets the criteria established in

11.13 paragraphs (a) and (b), the commissioner may consult examples and guidance provided by

11.14 the Department of Natural Resources Parks and Trails Legacy Plan dated February 14, 2011.

11.15 Subd. 7. **Tax rate and duration.** (a) The combined total tax rate imposed by a political

11.16 subdivision under this section and section 297A.99 must not exceed one percent. If a local

11.17 sales tax is imposed by a county, the limit under this paragraph includes any tax authorized

11.18 under section 297A.993.

11.19 (b) The maximum collection period for a tax imposed under this section must be the

11.20 earlier of the amount of time necessary to collect the revenue equal to the cost of the specified

11.21 capital projects approved by the voters, including associated financing costs, or 30 years.

11.22 Subd. 8. **Bonds; authorization.** (a) A political subdivision may issue bonds under

11.23 chapter 475 to finance all or a portion of the costs of a specified capital project. The aggregate

11.24 principal amount of bonds issued must not exceed the cost of a qualifying capital project

11.25 approved by the voters, plus an amount to be applied to the payment of the costs of issuing

11.26 the bonds. The bonds may be paid from or secured by any funds available to the political

11.27 subdivision, including the tax authorized under this section and approved by the voters. The

11.28 issuance of bonds under this subdivision is not subject to sections 275.60 and 275.61.

11.29 (b) A separate election to approve the bonds under section 475.58 is not required.

11.30 Subd. 9. **Public hearing required.** (a) Prior to seeking authority to impose a tax under

11.31 this section, a political subdivision must hold at least one public hearing occurring not before

11.32 6:00 p.m. that is open to residents and nonresidents, at which equal time is given to

12.1 proponents and opponents to express their opinions on the imposition of the tax. Notice of
12.2 the hearing must be given at least 14 days in advance and published on the political
12.3 subdivision's website detailing the time and location of the hearing and contain the following
12.4 information:

12.5 (1) the proposed tax rate;

12.6 (2) a description of each project proposed to be funded by the local sales tax; and

12.7 (3) the amount of tax revenue to be used for each project and the estimated time needed
12.8 to raise that amount of revenue, inclusive of the estimated amount distributed under
12.9 subdivision 16, paragraph (a).

12.10 (b) The political subdivision must submit the minutes from this hearing to the
12.11 commissioner when requesting approval of the tax pursuant to the provisions of section
12.12 297A.9902, subdivision 1, paragraph (a).

12.13 Subd. 10. **Resolution required.** (a) After conducting the public hearing required under
12.14 subdivision 9 and before the governing body of a political subdivision seeks voter approval
12.15 to impose a local sales tax, the governing body must adopt a resolution indicating its approval
12.16 of the tax. The resolution must include the following information:

12.17 (1) the proposed tax rate;

12.18 (2) a detailed description of no more than three projects that will be funded with revenue
12.19 from the tax;

12.20 (3) documentation of the regional significance of each specified capital project, including:

12.21 (i) the share of the economic benefit to or use of each project by persons residing, or
12.22 businesses located, outside of the jurisdiction; and

12.23 (ii) demonstration that the project meets the requirements of the applicable definitions
12.24 in subdivision 1, as well as the requirements of subdivisions 4 to 6;

12.25 (4) the amount of local sales tax revenue that will be used for each project and the
12.26 estimated time needed to raise that amount of revenue; and

12.27 (5) the total revenue that will be raised for all projects before the tax expires, and the
12.28 estimated length of time that the tax will be in effect if all proposed projects are funded.

12.29 (b) The political subdivision must submit the resolution along with underlying
12.30 documentation to the commissioner pursuant to the provisions of section 297A.9902,
12.31 subdivision 1, paragraph (a).

13.1 Subd. 11. **Community support required.** Prior to seeking authority to impose a tax
13.2 under this section, a political subdivision must provide to the commissioner letters or
13.3 resolutions from the governing bodies of at least two surrounding local governments that
13.4 affirmatively acknowledge that there is a local or regional need for the proposed specified
13.5 capital project. Documentation must be submitted to the commissioner as required by section
13.6 297A.9902, subdivision 1, paragraph (a).

13.7 Subd. 12. **Voter approval required.** (a) A local sales tax approved by the commissioner
13.8 is subject to voter approval prior to being imposed. A referendum must be conducted pursuant
13.9 to the following requirements:

13.10 (1) the referendum must be held on the first Tuesday after the first Monday in November
13.11 at a general or special election, so long as the ballot question for approval of the tax is not
13.12 the only item on the ballot, within the two-year period after the political subdivision has
13.13 received authority to impose the tax. For purposes of this section, "general election" and
13.14 "special election" have the meanings given in section 200.02, except that a special election
13.15 held under this section must be held on the first Tuesday after the first Monday in November;

13.16 (2) the ballot language must contain the following information:

13.17 (i) a description of each specified capital project that will be funded by the tax;

13.18 (ii) the projected start date of the tax;

13.19 (iii) the proposed tax rate;

13.20 (iv) the cost of the project, including associated financing costs;

13.21 (v) the maximum amount of time the tax will be imposed;

13.22 (vi) a statement that a portion of the tax revenue will be used for payment into the local
13.23 sales tax equalization distribution account; and

13.24 (vii) a statement that an affirmative vote means that a new tax will be imposed or that
13.25 an existing tax will be extended or increased;

13.26 (3) the ballot language must not contain any statement that informs the voter that by
13.27 voting "no" the voter acknowledges that the project subject to approval in the question may
13.28 be funded by increased property taxes; and

13.29 (4) each project must be a separate ballot question if a political subdivision is seeking
13.30 voter approval for more than one project.

14.1 (b) A project that is not approved by the voters may not be funded with the tax revenue
14.2 and the termination date of the tax approved by the commissioner must be reduced
14.3 proportionately based on the share of that project's cost to the total costs of all projects.

14.4 (c) A political subdivision may not advertise or expend funds for the promotion of a
14.5 referendum to support imposing a tax and may only spend funds related to:

14.6 (1) conduct the referendum;

14.7 (2) disseminate information regarding the projects to be funded with the tax;

14.8 (3) provide notice of and conduct public forums at which proponents and opponents of
14.9 the referendum are given equal time to express their opinions on the merits of the referendum;
14.10 and

14.11 (4) provide facts and data on the impact of the proposed local sales tax on consumer
14.12 purchases.

14.13 (d) The political subdivision must submit the language of each ballot question to the
14.14 commissioner for approval prior to printing the ballot for use in a referendum.

14.15 Subd. 13. **Legislative approval required.** (a) A political subdivision seeking to impose
14.16 a tax must obtain legislative approval to impose the tax if the tax does not meet the
14.17 requirements of this section or if the commissioner does not approve the proposal submitted
14.18 for imposition of the tax. The provisions of section 297A.99 apply to any tax imposed by
14.19 special law.

14.20 (b) In addition to the requirements imposed under section 297A.99, subdivision 2, the
14.21 political subdivision must include in its resolution submitted to the legislature:

14.22 (1) a detailed description of how the request does not meet the requirements of this
14.23 section; and

14.24 (2) letters or resolutions from the governing bodies of each local government located in
14.25 Minnesota that abuts the political subdivision that affirmatively acknowledge that there is
14.26 a local or regional need for the proposed capital project.

14.27 (c) A tax approved by the legislature is subject to the collection and retention provisions
14.28 of subdivision 16, section 297A.9902, subdivision 2, and section 297A.9903.

14.29 Subd. 14. **Filing requirements.** After receiving voter approval, a political subdivision
14.30 with approval to impose a tax from the commissioner or special law must file a certificate
14.31 of local approval with the secretary of state pursuant to section 645.021, subdivisions 2 and
14.32 3, for the tax to be lawfully imposed.

15.1 Subd. 15. **Administration; termination.** (a) A political subdivision imposing a tax
15.2 under this section must not commingle revenue from a tax for a project or projects approved
15.3 by the voters under this section with revenue from a tax authorized under section 297A.99
15.4 or any other law, ordinance, city charter, or other provision, including an extension of or
15.5 modification to the uses of a tax for a different project.

15.6 (b) A political subdivision imposing the tax must notify the commissioner and the state
15.7 auditor at least 60 days before the date the political subdivision anticipates that revenues
15.8 raised from the tax are sufficient to fund the projects approved by the voters. The notification
15.9 applies to each authorization of a tax and each project approved by the voters, regardless
15.10 of whether the legislature has authorized the tax, notwithstanding the requirements of section
15.11 297A.99, subdivision 3, paragraph (d).

15.12 (c) After a tax imposed by a political subdivision has expired or been terminated, the
15.13 political subdivision is prohibited from imposing a new local sales tax for a period of one
15.14 year.

15.15 (d) If, after receiving voter approval, a political subdivision cancels a project approved
15.16 by the voters, the political subdivision must notify the commissioner and the state auditor.
15.17 The commissioner must proportionately decrease the maximum amount of tax revenue the
15.18 political subdivision may collect and must adjust the termination of the tax accordingly. If
15.19 the political subdivision has already collected revenue for the canceled project, the political
15.20 subdivision must return the funds to the commissioner for deposit into the local sales tax
15.21 equalization distribution account.

15.22 Subd. 16. **Collection and retention.** (a) The commissioner shall remit the proceeds of
15.23 the tax, less refunds and a proportionate share described in clauses (1) to (3), at least
15.24 quarterly, to the political subdivision. The commissioner shall deduct from the proceeds
15.25 distributed to a political subdivision an amount that equals:

15.26 (1) one percent for the direct and indirect costs of the department to administer, audit,
15.27 and collect the tax, of which a portion must be used for the cost of constructing and
15.28 maintaining a zip code or geocode database necessary for local sales tax collections under
15.29 the Streamlined Sales and Use Tax Agreement in section 297A.995;

15.30 (2) one percent for the direct and indirect costs of the state auditor to audit the tax; and

15.31 (3) the political subdivision's contribution share of the amount to be paid under section
15.32 297A.9903, as defined by subdivision 17.

16.1 (b) The revenue retained by the commissioner under paragraph (a), clause (1), must be
16.2 deposited into the Revenue Department service and recovery special revenue fund established
16.3 under section 270C.15.

16.4 (c) The revenue retained for the purpose outlined in paragraph (a), clause (2), must be
16.5 deposited into the state auditor service and recovery account.

16.6 (d) The revenue retained for the purpose outlined in paragraph (a), clause (3), must be
16.7 deposited into the local sales tax equalization distribution account.

16.8 Subd. 17. **Contribution share.** The amount of tax that the commissioner must retain
16.9 under subdivision 16, paragraph (a), clause (3) is equal to:

16.10 (1) 15 percent for a political subdivision whose tax is authorized and imposed under this
16.11 section;

16.12 (2) 15 percent for a political subdivision that amends, extends, or otherwise modifies a
16.13 tax that was authorized and imposed by special law before July 1, 2024; or

16.14 (3) 20 percent for a political subdivision that is authorized by special law to impose a
16.15 new tax after July 1, 2024.

16.16 Subd. 18. **Enforcement.** If notified by the state auditor that a political subdivision
16.17 imposing a tax under this section, section 297A.99, or by special law is not in compliance
16.18 with the requirements of section 297A.9902, subdivision 2, the commissioner must expire
16.19 the tax and deposit any funds collected into the local sales tax equalization distribution
16.20 account.

16.21 Subd. 19. **Accounts established; transfer.** (a) The local sales tax equalization distribution
16.22 account is established in the special revenue fund. Funds in the account must be distributed
16.23 in accordance with section 297A.9903.

16.24 (b) The state auditor service and recovery account is established in the special revenue
16.25 fund. Each October 1, the commissioner of revenue must transfer the balance of the account
16.26 into the general fund.

16.27 Subd. 20. **Other provisions apply.** (a) The provisions of section 297A.99, subdivisions
16.28 4 to 10 and 12 to 13, apply to taxes authorized under this section.

16.29 (b) The requirements of section 475.53 apply to bonds issued for projects under this
16.30 section.

16.31 (c) The prevailing wage rate applies to all contracts for construction of specified capital
16.32 projects under this section.

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

17.2 **Sec. 5. [297A.9902] LOCAL SALES TAXES; VERIFICATION AND OVERSIGHT.**

17.3 Subdivision 1. **Filing requirement.** (a) A political subdivision seeking to impose a local
17.4 sales tax under the provisions of section 297A.9901 must file a copy of all documentation
17.5 required under section 297A.9901 with the commissioner. A political subdivision may file
17.6 documentation at any point during the year, but documentation must be filed by October
17.7 31 to comply with the requirements of section 297A.99, subdivision 2, paragraph (b).

17.8 (b) The commissioner must verify whether each project included in the submission under
17.9 paragraph (a) meets the requirements of section 297A.9901. The commissioner must notify
17.10 the political subdivision of the commissioner's determination within 60 days of receipt of
17.11 the submission under paragraph (a). Any political subdivision that files its submission by
17.12 October 31 must receive the commissioner's determination by January 10 of the following
17.13 year. If the commissioner determines that a project does not meet the requirements of section
17.14 297A.9901, the political subdivision may seek legislative authorization for a local sales tax
17.15 to finance the project under the provisions of section 297A.99.

17.16 Subd. 2. **Annual financial reporting.** By January 31 of each budget year, a political
17.17 subdivision imposing a local sales tax pursuant to section 297A.99, section 297A.9901, or
17.18 under special law, or by city charter or ordinance must submit information regarding the
17.19 uses of the local sales tax to the state auditor. The information must be submitted in the
17.20 form and manner as prescribed by the state auditor. The state auditor or the state auditor's
17.21 designees may examine records of a political subdivision to complete or verify the provided
17.22 information.

17.23 Subd. 3. **Enforcement.** If the state auditor finds a political subdivision does not provide
17.24 the information required by subdivision 2 of this section, or is not in compliance with the
17.25 required use of proceeds of the local sales tax as provided by section 297A.9901, subdivision
17.26 3, as approved by the voters, or any use of proceeds requirements as required by a special
17.27 law as approved by the voters, the state auditor must notify the governing body of the
17.28 political subdivision of its findings. The governing body of the political subdivision must
17.29 respond in writing to the state auditor within 60 days after receiving the notification. The
17.30 written response must state whether the political subdivision accepts, in whole or part, the
17.31 auditor's findings. If the political subdivision does not accept the findings, the statement
17.32 must indicate the basis for its disagreement. If the political subdivision does not take
17.33 corrective measures within 60 days of receipt of notice of noncompliance, the state auditor
17.34 must notify the commissioner. The state auditor must annually summarize the responses it

18.1 receives under this subdivision and send the summary and copies of the responses to the
18.2 chairs of the committees of the legislature with jurisdiction over local sales taxes.

18.3 Subd. 4. **Report.** By February 15 of each year, the state auditor must submit a report to
18.4 the chairs and ranking minority members of the legislative committees with jurisdiction
18.5 over taxes summarizing the information provided by political subdivisions in the preceding
18.6 year under subdivision 2.

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

18.8 Sec. 6. **[297A.9903] LOCAL SALES TAX EQUALIZATION DISTRIBUTIONS.**

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

18.11 (b) "Adjusted net tax capacity" means the qualified recipient's adjusted net tax capacity
18.12 under section 273.1325.

18.13 (c) "Average fiscal capacity" means the sum of the adjusted net tax capacities of all
18.14 qualified recipients, divided by the sum of their populations.

18.15 (d) "Contribution share" means the percentage of the total local sales taxes that were
18.16 collected by a political subdivision in the previous calendar year pursuant to section 297A.99,
18.17 subdivision 2a, or 297A.9901, subdivision 16, paragraph (a), clause (3).

18.18 (e) "Distribution index" for a qualified recipient means the product of: (1) its population;
18.19 and (2) the proportion which the average fiscal capacity in the preceding year bears to the
18.20 fiscal capacity of the qualified recipient for the preceding year.

18.21 (f) "Distribution share" for a qualified recipient means the product of: (1) the total of all
18.22 contribution shares of all political subdivisions; and (2) the proportion which the distribution
18.23 index for the qualified recipient bears to the sum of the distribution indices of all qualified
18.24 recipients.

18.25 (g) "Fiscal capacity" of a qualified recipient means its adjusted net tax capacity divided
18.26 by its population.

18.27 (h) "Local sales tax" means: (1) a local sales tax imposed under section 297A.9901; or
18.28 (2) a local sales tax imposed under section 297A.99, or special law that was enacted or
18.29 modified after July 1, 2024.

18.30 (i) "Political subdivision" means a political subdivision as defined in section 297A.9901,
18.31 subdivision 1.

19.1 (j) "Population" means the population estimated or established, as of January 1 in the
19.2 year distributions under this section are calculated, by the most recent federal census, by a
19.3 special census conducted under contract with the United States Bureau of the Census, or
19.4 by a population estimate of the state demographer made pursuant to section 4A.02, whichever
19.5 is the most recent.

19.6 (k) "Qualified recipient" means a political subdivision that either: (1) had a contribution
19.7 share greater than \$0 based on local sales taxes collected in the prior calendar year; or (2)
19.8 did not collect a local sales tax in the prior calendar year that was approved by voters prior
19.9 to July 1, 2024.

19.10 Subd. 2. **Local sales tax revenue sharing required.** A political subdivision with a local
19.11 sales tax is subject to the contribution requirements under subdivision 3 for any calendar
19.12 year, or portion thereof, in which a local sales tax was collected. All qualified recipients
19.13 are eligible for distributions under this section, and the commissioner of revenue must
19.14 annually calculate each qualified recipient's distribution share.

19.15 Subd. 3. **Contribution share.** Pursuant to section 297A.9901, subdivision 16, paragraph
19.16 (a), clause (3), the commissioner of revenue must annually retain each political subdivision's
19.17 contribution share. For any calendar year in which a political subdivision does not have a
19.18 local sales tax, the political subdivision's contribution share is \$0.

19.19 Subd. 4. **Certification.** The commissioner of revenue must annually calculate and certify
19.20 each political subdivision's contribution share and each qualified recipient's distribution
19.21 share, based on local sales taxes collected in the prior calendar year. The commissioner
19.22 must provide notice of the certification to each political subdivision by January 31.

19.23 Subd. 5. **Settlement.** By March 15 annually, the commissioner of revenue must pay to
19.24 each qualified recipient the distribution share certified under subdivision 4.

19.25 Subd. 6. **Future contributions and payments** A political subdivision that has imposed
19.26 a local sales tax prior to July 1, 2024, is a qualified recipient under this section if:

19.27 (1) the political subdivision modifies, increases, or extends the local sales tax;

19.28 (2) the political subdivision imposes a new local tax under section 297A.9901 or special
19.29 law; or

19.30 (3) the political subdivision's existing local sales tax expires.

19.31 Subd. 7. **Appropriation.** The amount required to make distributions under this section
19.32 is appropriated from the local sales tax equalization distribution account established under
19.33 section 297A.9901, subdivision 19, paragraph (a), to the commissioner of revenue.

20.1 **Sec. 7. OFFICE OF THE STATE AUDITOR; APPROPRIATION.**

20.2 \$387,000 in fiscal year 2025 is appropriated from the general fund to the state auditor
20.3 to implement the requirements of section 297A.9902. The base for this appropriation is
20.4 \$343,000 in fiscal year 2026 and \$360,000 in fiscal year 2027.

20.5 **Sec. 8. REPEALER.**

20.6 Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 3a, is repealed.

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

20.8 Page 108, lines 11 and 14, delete "annually" and insert "regularly"

20.9 Page 109, line 19, after the period, insert "The ordinance must be adopted by May 1 of
20.10 the calendar year prior to the taxes payable year in which the district would take effect."

20.11 Renumber the sections in sequence and correct the internal references

20.12 Amend the title accordingly