

1.1 moves to amend H.F. No. 677 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**

1.4 **ONE-TIME PROVISIONS**

1.5 Section 1. Minnesota Statutes 2012, section 16A.152, subdivision 2, is amended to read:

1.6 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general
1.7 fund revenues and expenditures, the commissioner of management and budget determines
1.8 that there will be a positive unrestricted budgetary general fund balance at the close of
1.9 the biennium, the commissioner of management and budget must allocate money to the
1.10 following accounts and purposes in priority order:

1.11 (1) the cash flow account established in subdivision 1 until that account reaches
1.12 \$350,000,000;

1.13 (2) the budget reserve account established in subdivision 1a until that account
1.14 reaches \$653,000,000;

1.15 (3) the amount necessary to increase the aid payment schedule for school district
1.16 aids and credits payments in section 127A.45 to not more than 90 percent rounded to the
1.17 nearest tenth of a percent without exceeding the amount available and with any remaining
1.18 funds deposited in the budget reserve;

1.19 (4) the amount necessary to restore all or a portion of the net aid reductions under
1.20 section 127A.441 and to reduce the property tax revenue recognition shift under section
1.21 123B.75, subdivision 5, by the same amount;

1.22 (5) to reduce the rate of the surcharge in section 290.06, subdivision 2g, for taxable
1.23 years beginning after December 31, 2013, and before January 1, 2015, to not less than
1.24 zero with the rate rounded to the nearest tenth of a percent, without exceeding the amount
1.25 available, and with any remaining funds deposited in the budget reserve; and

2.1 ~~(5)~~ (6) to the state airports fund, the amount necessary to restore the amount
2.2 transferred from the state airports fund under Laws 2008, chapter 363, article 11, section
2.3 3, subdivision 5.

2.4 (b) The amounts necessary to meet the requirements of this section are appropriated
2.5 from the general fund within two weeks after the forecast is released or, in the case of
2.6 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
2.7 schedules otherwise established in statute.

2.8 (c) The commissioner of management and budget shall certify the total dollar
2.9 amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of
2.10 education. The commissioner of education shall increase the aid payment percentage and
2.11 reduce the property tax shift percentage by these amounts and apply those reductions to
2.12 the current fiscal year and thereafter.

2.13 (d) The commissioner of management and budget shall certify the total dollar
2.14 amount available under paragraph (a), clause (5), to the commissioner of revenue. The
2.15 commissioner of revenue shall determine the percentage reduction in the surcharge rate
2.16 for taxable years beginning after December 31, 2013, and before January 1, 2015, and
2.17 shall reduce the surcharge rate.

2.18 Sec. 2. Minnesota Statutes 2012, section 123B.75, subdivision 5, is amended to read:

2.19 Subd. 5. **Levy recognition.** ~~(a) For fiscal years 2009 and 2010, in June of each~~
2.20 ~~year, the school district must recognize as revenue, in the fund for which the levy was~~
2.21 ~~made, the lesser of:~~

2.22 ~~(1) the sum of May, June, and July school district tax settlement revenue received in~~
2.23 ~~that calendar year, plus general education aid according to section 126C.13, subdivision~~
2.24 ~~4, received in July and August of that calendar year; or~~

2.25 ~~(2) the sum of:~~

2.26 ~~(i) 31 percent of the referendum levy certified according to section 126C.17, in~~
2.27 ~~calendar year 2000; and~~

2.28 ~~(ii) the entire amount of the levy certified in the prior calendar year according to~~
2.29 ~~section 124D.86, subdivision 4, for school districts receiving revenue under sections~~
2.30 ~~124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a),~~
2.31 ~~and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus~~

2.32 ~~(iii) zero percent of the amount of the levy certified in the prior calendar year for the~~
2.33 ~~school district's general and community service funds, plus or minus auditor's adjustments,~~
2.34 ~~not including the levy portions that are assumed by the state, that remains after subtracting~~

~~the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).~~

~~(b) (a) For fiscal year 2011 and later years 2011, 2012, and 2013, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:~~

~~(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or~~

~~(2) the sum of:~~

~~(i) the greater of 48.6 percent of the referendum levy certified according to section 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified according to section 126C.17 in calendar year 2000; plus~~

~~(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus~~

~~(iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).~~

(b) For fiscal year 2014 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) 31 percent of the referendum levy certified according to section 126C.17 in calendar year 2000;

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.4531; 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1) to (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; and

(iii) zero percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments,

that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 127A.45, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) "Other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) "Cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) the current year aid payment percentage of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts.

(c) "Payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

(d) The current year aid payment percentage equals ~~73 in fiscal year 2010 and 70 in fiscal year 2011, and 60~~ 90 in fiscal years ~~2012~~ 2014 and later.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 290.01, subdivision 19a, is amended to read:

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

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

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

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

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

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

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, minus any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed;

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

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

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

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

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(8) for taxable years beginning before January 1, 2013, 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

(10) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

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

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

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

(14) the additional standard deduction for property taxes payable that is allowable under section 63(c)(1)(C) of the Internal Revenue Code;

(15) the additional standard deduction for qualified motor vehicle sales taxes allowable under section 63(c)(1)(E) of the Internal Revenue Code;

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

(17) the amount of unemployment compensation exempt from tax under section 85(c) of the Internal Revenue Code;

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

(19) to the extent included in the computation of federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed itemized deductions, but the amount of disallowed itemized deductions plus the addition required under clause (2) may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, and reduced by any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction:

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

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

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

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

(A) such dollar amount, multiplied by

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

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

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

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

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

(20) to the extent included in federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the dollar amount of the personal exemptions claimed by the taxpayer in the computation of federal taxable income multiplied by the applicable percentage;

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

(iii) the term "threshold amount" means:

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

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

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

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

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

(A) such dollar amount, multiplied by

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

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 5. Minnesota Statutes 2012, section 290.01, subdivision 19c, is amended to read:

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

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,

another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

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

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

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

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

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

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

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

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

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

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);

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

(13) the amount of net income excluded under section 114 of the Internal Revenue Code;

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

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(16) for taxable years beginning before January 1, 2013, 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

(18) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

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

(20) an amount equal to the interest and intangible expenses, losses, and costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit of a corporation that is a member of the taxpayer's unitary business group that qualifies as a foreign operating corporation. For purposes of this clause, intangible expenses and costs include:

(i) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) losses incurred, directly or indirectly, from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar expenses and costs.

11.1 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent
11.2 applications, trade names, trademarks, service marks, copyrights, mask works, trade
11.3 secrets, and similar types of intangible assets.

11.4 This clause does not apply to any item of interest or intangible expenses or costs paid,
11.5 accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect
11.6 to such item of income to the extent that the income to the foreign operating corporation
11.7 is income from sources without the United States as defined in subtitle A, chapter 1,
11.8 subchapter N, part 1, of the Internal Revenue Code;

11.9 (21) except as already included in the taxpayer's taxable income pursuant to clause
11.10 (20), any interest income and income generated from intangible property received or
11.11 accrued by a foreign operating corporation that is a member of the taxpayer's unitary
11.12 group. For purposes of this clause, income generated from intangible property includes:

- 11.13 (i) income related to the direct or indirect acquisition, use, maintenance or
11.14 management, ownership, sale, exchange, or any other disposition of intangible property;
- 11.15 (ii) income from factoring transactions or discounting transactions;
- 11.16 (iii) royalty, patent, technical, and copyright fees;
- 11.17 (iv) licensing fees; and
- 11.18 (v) other similar income.

11.19 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent
11.20 applications, trade names, trademarks, service marks, copyrights, mask works, trade
11.21 secrets, and similar types of intangible assets.

11.22 This clause does not apply to any item of interest or intangible income received or accrued
11.23 by a foreign operating corporation with respect to such item of income to the extent that
11.24 the income is income from sources without the United States as defined in subtitle A,
11.25 chapter 1, subchapter N, part 1, of the Internal Revenue Code;

11.26 (22) the dividends attributable to the income of a foreign operating corporation that
11.27 is a member of the taxpayer's unitary group in an amount that is equal to the dividends
11.28 paid deduction of a real estate investment trust under section 561(a) of the Internal
11.29 Revenue Code for amounts paid or accrued by the real estate investment trust to the
11.30 foreign operating corporation;

11.31 (23) the income of a foreign operating corporation that is a member of the taxpayer's
11.32 unitary group in an amount that is equal to gains derived from the sale of real or personal
11.33 property located in the United States;

11.34 (24) for taxable years beginning before January 1, 2010, the additional amount
11.35 allowed as a deduction for donation of computer technology and equipment under section
11.36 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

12.1 (25) discharge of indebtedness income resulting from reacquisition of business
12.2 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

12.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
12.4 December 31, 2012.

12.5 Sec. 6. Minnesota Statutes 2012, section 290.06, is amended by adding a subdivision
12.6 to read:

12.7 Subd. 2g. **Income surcharge.** (a) In addition to the tax computed under subdivision
12.8 2c and section 290.091, for taxable years beginning after December 31, 2012, and
12.9 before January 1, 2015, there is a surcharge imposed on individuals, estates, and trusts.
12.10 The surcharge equals four percent of taxable net income over a threshold. For married
12.11 individuals filing separately, estates, and trusts, the threshold is \$250,000. For all other
12.12 filers, the threshold is \$500,000.

12.13 (b) For a nonresident or part-year resident, the surcharge must be allocated based on
12.14 the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

12.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
12.16 December 31, 2012.

12.17 Sec. 7. Minnesota Statutes 2012, section 297A.68, subdivision 5, is amended to read:

12.18 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. ~~The tax must be~~
12.19 ~~imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and~~
12.20 ~~then refunded in the manner provided in section 297A.75.~~

12.21 "Capital equipment" means machinery and equipment purchased or leased, and used
12.22 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,
12.23 or refining tangible personal property to be sold ultimately at retail if the machinery and
12.24 equipment are essential to the integrated production process of manufacturing, fabricating,
12.25 mining, or refining. Capital equipment also includes machinery and equipment
12.26 used primarily to electronically transmit results retrieved by a customer of an online
12.27 computerized data retrieval system.

12.28 (b) Capital equipment includes, but is not limited to:

12.29 (1) machinery and equipment used to operate, control, or regulate the production
12.30 equipment;

12.31 (2) machinery and equipment used for research and development, design, quality
12.32 control, and testing activities;

(3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process;

(4) materials and supplies used to construct and install machinery or equipment;

(5) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;

(6) materials used for foundations that support machinery or equipment;

(7) materials used to construct and install special purpose buildings used in the production process;

(8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed as part of the delivery process regardless if mounted on a chassis, repair parts for ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

(9) machinery or equipment used for research, development, design, or production of computer software.

(c) Capital equipment does not include the following:

(1) motor vehicles taxed under chapter 297B;

(2) machinery or equipment used to receive or store raw materials;

(3) building materials, except for materials included in paragraph (b), clauses (6) and (7);

(4) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: plant security, fire prevention, first aid, and hospital stations; support operations or administration; pollution control; and plant cleaning, disposal of scrap and waste, plant communications, space heating, cooling, lighting, or safety;

(5) farm machinery and aquaculture production equipment as defined by section 297A.61, subdivisions 12 and 13;

(6) machinery or equipment purchased and installed by a contractor as part of an improvement to real property;

(7) machinery and equipment used by restaurants in the furnishing, preparing, or serving of prepared foods as defined in section 297A.61, subdivision 31;

(8) machinery and equipment used to furnish the services listed in section 297A.61, subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

(9) machinery or equipment used in the transportation, transmission, or distribution of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of transporting those products. This clause does not apply to machinery or equipment used to blend petroleum or biodiesel fuel as defined in section 239.77; or

14.1 (10) any other item that is not essential to the integrated process of manufacturing,
14.2 fabricating, mining, or refining.

14.3 (d) For purposes of this subdivision:

14.4 (1) "Equipment" means independent devices or tools separate from machinery but
14.5 essential to an integrated production process, including computers and computer software,
14.6 used in operating, controlling, or regulating machinery and equipment; and any subunit or
14.7 assembly comprising a component of any machinery or accessory or attachment parts of
14.8 machinery, such as tools, dies, jigs, patterns, and molds.

14.9 (2) "Fabricating" means to make, build, create, produce, or assemble components or
14.10 property to work in a new or different manner.

14.11 (3) "Integrated production process" means a process or series of operations through
14.12 which tangible personal property is manufactured, fabricated, mined, or refined. For
14.13 purposes of this clause, (i) manufacturing begins with the removal of raw materials
14.14 from inventory and ends when the last process prior to loading for shipment has been
14.15 completed; (ii) fabricating begins with the removal from storage or inventory of the
14.16 property to be assembled, processed, altered, or modified and ends with the creation
14.17 or production of the new or changed product; (iii) mining begins with the removal of
14.18 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and
14.19 ends when the last process before stockpiling is completed; and (iv) refining begins with
14.20 the removal from inventory or storage of a natural resource and ends with the conversion
14.21 of the item to its completed form.

14.22 (4) "Machinery" means mechanical, electronic, or electrical devices, including
14.23 computers and computer software, that are purchased or constructed to be used for the
14.24 activities set forth in paragraph (a), beginning with the removal of raw materials from
14.25 inventory through completion of the product, including packaging of the product.

14.26 (5) "Machinery and equipment used for pollution control" means machinery and
14.27 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity
14.28 described in paragraph (a).

14.29 (6) "Manufacturing" means an operation or series of operations where raw materials
14.30 are changed in form, composition, or condition by machinery and equipment and which
14.31 results in the production of a new article of tangible personal property. For purposes of
14.32 this subdivision, "manufacturing" includes the generation of electricity or steam to be
14.33 sold at retail.

14.34 (7) "Mining" means the extraction of minerals, ores, stone, or peat.

14.35 (8) "Online data retrieval system" means a system whose cumulation of information
14.36 is equally available and accessible to all its customers.

(9) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(10) "Refining" means the process of converting a natural resource to an intermediate or finished product, including the treatment of water to be sold at retail.

(11) This subdivision does not apply to telecommunications equipment as provided in subdivision 35, and does not apply to wire, cable, fiber, poles, or conduit for telecommunications services.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013.

Sec. 8. Minnesota Statutes 2012, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

~~(1) capital equipment exempt under section 297A.68, subdivision 5;~~

~~(2)~~ (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;

~~(3)~~ (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;

~~(4)~~ (3) building materials for correctional facilities under section 297A.71, subdivision 3;

~~(5)~~ (4) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;

~~(6)~~ (5) elevators and building materials exempt under section 297A.71, subdivision 12;

~~(7)~~ (6) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;

~~(8)~~ (7) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

~~(9)~~ (8) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

~~(10)~~ (9) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

~~(11)~~ (10) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);

16.1 ~~(12)~~ (11) materials, supplies, and equipment for construction or improvement of
 16.2 projects and facilities under section 297A.71, subdivision 40;

16.3 ~~(13)~~ (12) materials, supplies, and equipment for construction or improvement of a
 16.4 meat processing facility exempt under section 297A.71, subdivision 41;

16.5 ~~(14)~~ (13) materials, supplies, and equipment for construction, improvement, or
 16.6 expansion of an aerospace defense manufacturing facility exempt under section 297A.71,
 16.7 subdivision 42;

16.8 ~~(15)~~ (14) enterprise information technology equipment and computer software for
 16.9 use in a qualified data center exempt under section 297A.68, subdivision 42; and

16.10 ~~(16)~~ (15) materials, supplies, and equipment for qualifying capital projects under
 16.11 section 297A.71, subdivision 44.

16.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 16.13 June 30, 2013.

16.14 Sec. 9. Minnesota Statutes 2012, section 297A.75, subdivision 2, is amended to read:

16.15 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
 16.16 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items
 16.17 must be paid to the applicant. Only the following persons may apply for the refund:

16.18 (1) for subdivision 1, clauses (1) ~~to~~ (3) and (2), the applicant must be the purchaser;

16.19 (2) for subdivision 1, clauses ~~(4)~~ (3) and ~~(7)~~ (6), the applicant must be the
 16.20 governmental subdivision;

16.21 (3) for subdivision 1, clause ~~(5)~~ (4), the applicant must be the recipient of the
 16.22 benefits provided in United States Code, title 38, chapter 21;

16.23 (4) for subdivision 1, clause ~~(6)~~ (5), the applicant must be the owner of the
 16.24 homestead property;

16.25 (5) for subdivision 1, clause ~~(8)~~ (7), the owner of the qualified low-income housing
 16.26 project;

16.27 (6) for subdivision 1, clause ~~(9)~~ (8), the applicant must be a municipal electric utility
 16.28 or a joint venture of municipal electric utilities;

16.29 (7) for subdivision 1, clauses ~~(10)~~ (9), (12), (13), and (14), ~~and~~ ~~(15)~~, the owner
 16.30 of the qualifying business; and

16.31 (8) for subdivision 1, clauses (10), (11), ~~(12)~~, and ~~(16)~~ (15), the applicant must be
 16.32 the governmental entity that owns or contracts for the project or facility.

16.33 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 16.34 June 30, 2013.

Sec. 10. Minnesota Statutes 2012, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), or (15), or (16), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013.

Sec. 11. **ESTIMATED TAXES; EXCEPTIONS.**

No addition to tax, penalties, or interest may be made under Minnesota Statutes, section 289A.25, for any period before July 1, 2013, with respect to an underpayment of estimated tax, to the extent that the underpayment was created or increased by the surcharge imposed under this article.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 12. **APPROPRIATIONS.**

(a) The amount necessary to increase the aid payment percentage in section 3 to 90 percent, estimated to be \$262,600,000, is appropriated in fiscal year 2014 from the general fund to the commissioner of education.

(b) The amount necessary to reduce the percentage of levy recognized in the prior calendar year in section 2 from 48.6 percent to zero percent, estimated to be \$569,900,000, is appropriated in fiscal year 2014 from the general fund to the commissioner of education.

(c) The amount paid in additional state general education aids and other school aids as a result of reducing the percentage of levy recognized in the prior calendar year in Minnesota Statutes, section 123B.75, subdivision 5, from 48.6 percent to zero percent,

18.1 estimated to be \$21,700,000, is appropriated in fiscal year 2015 from the general fund to
18.2 the commissioner of education.

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

18.4 **ARTICLE 2**

18.5 **HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX REFUND**

18.6 Section 1. Minnesota Statutes 2012, section 290A.03, subdivision 3, is amended to read:

18.7 Subd. 3. **Income.** (1) "Income" means the sum of the following:

18.8 (a) federal adjusted gross income as defined in the Internal Revenue Code; and

18.9 (b) the sum of the following amounts to the extent not included in clause (a):

18.10 (i) all nontaxable income;

18.11 (ii) the amount of a passive activity loss that is not disallowed as a result of section
18.12 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity
18.13 loss carryover allowed under section 469(b) of the Internal Revenue Code;

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

18.17 (iv) cash public assistance and relief;

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

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

18.25 (vii) workers' compensation;

18.26 (viii) nontaxable strike benefits;

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

18.30 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
18.31 1986, as amended through December 31, 1995;

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

19.1 Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base
19.2 amount for the claimant and spouse;

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

19.5 (xiii) nontaxable scholarship or fellowship grants;

19.6 ~~(xiii)~~ (xiv) the amount of deduction allowed under section 199 of the Internal
19.7 Revenue Code;

19.8 ~~(xiv)~~ (xv) the amount of deduction allowed under section 220 or 223 of the Internal
19.9 Revenue Code;

19.10 ~~(xv)~~ (xvi) the amount of deducted for tuition expenses required to be added to
19.11 ~~income under section 290.01, subdivision 19a, clause (12);~~ under section 222 of the
19.12 Internal Revenue Code; and

19.13 ~~(xvi)~~ (xvii) the amount deducted for certain expenses of elementary and secondary
19.14 school teachers under section 62(a)(2)(D) of the Internal Revenue Code; ~~and.~~

19.15 ~~(xvii) unemployment compensation.~~

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

19.21 (2) "Income" does not include:

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

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

19.26 (c) to the extent included in federal adjusted gross income, amounts contributed by
19.27 the claimant or spouse to a traditional or Roth style retirement account or plan, but not
19.28 to exceed the retirement base amount reduced by the amount of contributions excluded
19.29 from federal adjusted gross income, but not less than zero;

19.30 (d) surplus food or other relief in kind supplied by a governmental agency;

19.31 ~~(d)~~ (e) relief granted under this chapter;

19.32 ~~(e)~~ (f) child support payments received under a temporary or final decree of
19.33 dissolution or legal separation; or

19.34 ~~(f)~~ (g) restitution payments received by eligible individuals and excludable interest
19.35 as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of
19.36 2001, Public Law 107-16.

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

- (a) for the claimant's first dependent, the exemption amount multiplied by 1.4;
- (b) for the claimant's second dependent, the exemption amount multiplied by 1.3;
- (c) for the claimant's third dependent, the exemption amount multiplied by 1.2;
- (d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
- (e) for the claimant's fifth dependent, the exemption amount; and
- (f) if the claimant or claimant's spouse was disabled or attained the age of 65 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code for the taxable year for which the income is reported; and "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(D) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction.

EFFECTIVE DATE. This section is effective beginning with refunds based on property taxes payable in 2014 and rent paid in 2013.

Sec. 2. Minnesota Statutes 2012, 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.

			Maximum
			State
Household Income	Percent of Income	Percent Paid by Claimant	Refund
\$0 to 1,549	1.0 percent	15 percent	\$ 2,460
1,550 to 3,089	1.1 percent	15 percent	\$ 2,460
3,090 to 4,669	1.2 percent	15 percent	\$ 2,460
4,670 to 6,229	1.3 percent	20 percent	\$ 2,460
6,230 to 7,769	1.4 percent	20 percent	\$ 2,460
7,770 to 10,879	1.5 percent	20 percent	\$ 2,460
10,880 to 12,429	1.6 percent	20 percent	\$ 2,460
12,430 to 13,989	1.7 percent	20 percent	\$ 2,460
13,990 to 15,539	1.8 percent	20 percent	\$ 2,460
15,540 to 17,079	1.9 percent	25 percent	\$ 2,460

21.1	17,080 to 18,659	2.0 percent	25 percent	\$ 2,460
21.2	18,660 to 21,759	2.1 percent	25 percent	\$ 2,460
21.3	21,760 to 23,309	2.2 percent	30 percent	\$ 2,460
21.4	23,310 to 24,859	2.3 percent	30 percent	\$ 2,460
21.5	24,860 to 26,419	2.4 percent	30 percent	\$ 2,460
21.6	26,420 to 32,629	2.5 percent	35 percent	\$ 2,460
21.7	32,630 to 37,279	2.6 percent	35 percent	\$ 2,460
21.8	37,280 to 46,609	2.7 percent	35 percent	\$ 2,000
21.9	46,610 to 54,369	2.8 percent	35 percent	\$ 2,000
21.10	54,370 to 62,139	2.8 percent	40 percent	\$ 1,750
21.11	62,140 to 69,909	3.0 percent	40 percent	\$ 1,440
21.12	69,910 to 77,679	3.0 percent	40 percent	\$ 1,290
21.13	77,680 to 85,449	3.0 percent	40 percent	\$ 1,130
21.14	85,450 to 90,119	3.5 percent	45 percent	\$ 960
21.15	90,120 to 93,239	3.5 percent	45 percent	\$ 790
21.16	93,240 to 97,009	3.5 percent	50 percent	\$ 650
21.17	97,010 to 100,779	3.5 percent	50 percent	\$ 480

21.18				<u>Maximum</u>
21.19			<u>Percent Paid by</u>	<u>State</u>
21.20	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
21.21	<u>\$0 to 1,619</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>
21.22	<u>1,620 to 3,229</u>	<u>1.1 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>
21.23	<u>3,230 to 4,889</u>	<u>1.2 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>
21.24	<u>4,890 to 6,519</u>	<u>1.3 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
21.25	<u>6,520 to 8,129</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
21.26	<u>8,130 to 11,389</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
21.27	<u>11,390 to 13,009</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
21.28	<u>13,010 to 14,649</u>	<u>1.7 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
21.29	<u>14,650 to 16,269</u>	<u>1.8 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
21.30	<u>16,270 to 17,879</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 2,580</u>
21.31	<u>17,880 to 22,779</u>	<u>2.0 percent</u>	<u>25 percent</u>	<u>\$ 2,580</u>
21.32	<u>22,780 to 24,399</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,580</u>
21.33	<u>24,400 to 27,659</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,580</u>
21.34	<u>27,660 to 39,029</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,580</u>
21.35	<u>39,030 to 56,919</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,090</u>
21.36	<u>56,920 to 65,049</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,830</u>
21.37	<u>65,050 to 73,189</u>	<u>2.1 percent</u>	<u>40 percent</u>	<u>\$ 1,510</u>
21.38	<u>73,190 to 81,319</u>	<u>2.2 percent</u>	<u>40 percent</u>	<u>\$ 1,350</u>
21.39	<u>81,320 to 89,449</u>	<u>2.3 percent</u>	<u>40 percent</u>	<u>\$ 1,180</u>
21.40	<u>89,450 to 94,339</u>	<u>2.4 percent</u>	<u>45 percent</u>	<u>\$ 1,000</u>
21.41	<u>94,340 to 97,609</u>	<u>2.5 percent</u>	<u>45 percent</u>	<u>\$ 830</u>
21.42	<u>97,610 to 101,559</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 680</u>
21.43	<u>101,560 to 105,499</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 500</u>

22.1 The payment made to a claimant shall be the amount of the state refund calculated
 22.2 under this subdivision. No payment is allowed if the claimant's household income is
 22.3 ~~\$100,780~~ \$105,500 or more.

22.4 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
 22.5 payable in 2014 and thereafter.

22.6 Sec. 3. Minnesota Statutes 2012, section 290A.04, subdivision 2a, is amended to read:

22.7 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the
 22.8 percentage of the household income stated below must pay an amount equal to the percent
 22.9 of income shown for the appropriate household income level along with the percent to
 22.10 be paid by the claimant of the remaining amount of rent constituting property taxes. The
 22.11 state refund equals the amount of rent constituting property taxes that remain, up to the
 22.12 maximum state refund amount shown below.

			Percent Paid by	Maximum
	Household Income	Percent of Income	Claimant	State Refund
22.16	\$0 to 3,589	1.0 percent	5 percent	\$ 1,190
22.17	3,590 to 4,779	1.0 percent	10 percent	\$ 1,190
22.18	4,780 to 5,969	1.1 percent	10 percent	\$ 1,190
22.19	5,970 to 8,369	1.2 percent	10 percent	\$ 1,190
22.20	8,370 to 10,759	1.3 percent	15 percent	\$ 1,190
22.21	10,760 to 11,949	1.4 percent	15 percent	\$ 1,190
22.22	11,950 to 13,139	1.4 percent	20 percent	\$ 1,190
22.23	13,140 to 15,539	1.5 percent	20 percent	\$ 1,190
22.24	15,540 to 16,729	1.6 percent	20 percent	\$ 1,190
22.25	16,730 to 17,919	1.7 percent	25 percent	\$ 1,190
22.26	17,920 to 20,319	1.8 percent	25 percent	\$ 1,190
22.27	20,320 to 21,509	1.9 percent	30 percent	\$ 1,190
22.28	21,510 to 22,699	2.0 percent	30 percent	\$ 1,190
22.29	22,700 to 23,899	2.2 percent	30 percent	\$ 1,190
22.30	23,900 to 25,089	2.4 percent	30 percent	\$ 1,190
22.31	25,090 to 26,289	2.6 percent	35 percent	\$ 1,190
22.32	26,290 to 27,489	2.7 percent	35 percent	\$ 1,190
22.33	27,490 to 28,679	2.8 percent	35 percent	\$ 1,190
22.34	28,680 to 29,869	2.9 percent	40 percent	\$ 1,190
22.35	29,870 to 31,079	3.0 percent	40 percent	\$ 1,190
22.36	31,080 to 32,269	3.1 percent	40 percent	\$ 1,190
22.37	32,270 to 33,459	3.2 percent	40 percent	\$ 1,190
22.38	33,460 to 34,649	3.3 percent	45 percent	\$ 1,080
22.39	34,650 to 35,849	3.4 percent	45 percent	\$ 960

23.1	35,850 to 37,049	3.5 percent	45 percent	\$ 830
23.2	37,050 to 38,239	3.5 percent	50 percent	\$ 720
23.3	38,240 to 39,439	3.5 percent	50 percent	\$ 600
23.4	38,440 to 40,629	3.5 percent	50 percent	\$ 360
23.5	40,630 to 41,819	3.5 percent	50 percent	\$ 120
23.6	<u>\$0 to 4,909</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,000</u>
23.7	<u>4,910 to 6,529</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 2,000</u>
23.8	<u>6,530 to 8,159</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 1,950</u>
23.9	<u>8,160 to 11,439</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 1,900</u>
23.10	<u>11,440 to 14,709</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 1,850</u>
23.11	<u>14,710 to 16,339</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 1,800</u>
23.12	<u>16,340 to 17,959</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 1,750</u>
23.13	<u>17,960 to 21,239</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 1,700</u>
23.14	<u>21,240 to 22,869</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 1,650</u>
23.15	<u>22,870 to 24,499</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 1,650</u>
23.16	<u>24,500 to 27,779</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 1,650</u>
23.17	<u>27,780 to 29,399</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 1,650</u>
23.18	<u>29,400 to 34,299</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,650</u>
23.19	<u>34,300 to 39,199</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,650</u>
23.20	<u>39,200 to 45,739</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,650</u>
23.21	<u>45,740 to 47,369</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,500</u>
23.22	<u>47,370 to 49,009</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,350</u>
23.23	<u>49,010 to 50,649</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,150</u>
23.24	<u>50,650 to 52,269</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,000</u>
23.25	<u>52,270 to 53,909</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 900</u>
23.26	<u>53,910 to 55,539</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 500</u>
23.27	<u>55,540 to 57,169</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 200</u>

23.28 The payment made to a claimant is the amount of the state refund calculated under
 23.29 this subdivision. No payment is allowed if the claimant's household income is ~~\$41,820~~
 23.30 \$57,170 or more.

23.31 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in
 23.32 2013 and following years.

23.33 Sec. 4. Minnesota Statutes 2012, section 290A.04, subdivision 4, is amended to read:

23.34 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in
 23.35 calendar year 2002, the commissioner shall annually adjust the dollar amounts of the
 23.36 income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation.
 23.37 The commissioner shall make the inflation adjustments in accordance with section 1(f) of

24.1 the Internal Revenue Code, except that for purposes of this subdivision the percentage
24.2 increase shall be determined as provided in this subdivision.

24.3 (b) In adjusting the dollar amounts of the income thresholds and the maximum
24.4 refunds under subdivision 2 for inflation, the percentage increase shall be determined
24.5 from the year ending on June 30, ~~2011~~ 2013, to the year ending on June 30 of the year
24.6 preceding that in which the refund is payable.

24.7 (c) In adjusting the dollar amounts of the income thresholds and the maximum
24.8 refunds under subdivision 2a for inflation, the percentage increase shall be determined
24.9 from the year ending on June 30, ~~2000~~ 2013, to the year ending on June 30 of the year
24.10 preceding that in which the refund is payable.

24.11 (d) The commissioner shall use the appropriate percentage increase to annually
24.12 adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for
24.13 inflation without regard to whether or not the income tax brackets are adjusted for inflation
24.14 in that year. The commissioner shall round the thresholds and the maximum amounts,
24.15 as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall
24.16 round it up to the next \$10 amount.

24.17 (e) The commissioner shall annually announce the adjusted refund schedule at the
24.18 same time provided under section 290.06. The determination of the commissioner under
24.19 this subdivision is not a rule under the Administrative Procedure Act.

24.20 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
24.21 payable in 2014 and rent paid in 2013 and following years.

24.22 Sec. 5. **[290A.28] NOTIFICATION OF POTENTIAL ELIGIBILITY.**

24.23 Subdivision 1. Notification of eligibility. (a) By August 1, 2014, the commissioner
24.24 shall notify, in writing or electronically, individual homeowners whom the commissioner
24.25 determines likely will be eligible for a homestead credit refund under this chapter for
24.26 that property taxes payable year. In determining whether to notify a homeowner, the
24.27 commissioner shall consider the property tax information available to the commissioner
24.28 under paragraph (b) and the most recent income information available to the commissioner
24.29 from filing under this chapter for the prior year or under chapter 290 for the current or
24.30 prior year. The notification must include information on how to file for the homestead
24.31 credit refund and the range of potential homestead credit refunds that the homeowner
24.32 could qualify to receive. The notification requirement under this section does not apply
24.33 to a homeowner who has already filed for the homestead credit refund for the current
24.34 or prior year.

(b) By May 15, 2014, each county auditor shall transmit to the commissioner of revenue the following information for each property classified as a residential or agricultural homestead under section 273.13, subdivision 22 or 23:

- (1) the property taxes payable;
- (2) the name and address of the owner;
- (3) the Social Security number or numbers of the owners; and
- (4) any other information the commissioner deems necessary or useful to carry out the provisions of this section.

The information must be provided in the form and manner prescribed by the commissioner.

Subd. 2. **Report.** By March 15, 2015, the commissioner must provide written reports to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes, in compliance with Minnesota Statutes, sections 3.195 and 3.197.

The report must provide information on the number and dollar amount of homeowner property tax refund claims based on taxes payable in 2014, including:

(i) the number and dollar amount of claims projected for homestead credit refunds based on taxes payable in 2014 prior to enactment of the notification requirement in this section;

(ii) the number of notifications issued as provided in this section, including the number issued by county;

(iii) the number and dollar amount of claims for homestead credit refunds based on taxes payable in 2014 processed through December 31, 2014; and

(iv) a description of any outreach efforts undertaken by the commissioner for homestead credit refunds based on taxes payable in 2014, in addition to the notification required in this section.

EFFECTIVE DATE. This section is effective for refund claims based on property taxes payable in 2014.

ARTICLE 3

PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes 2012, section 69.021, is amended by adding a subdivision to read:

Subd. 12. **Surcharge aid accounts.** (a) A surcharge fire pension aid account is established in the special revenue fund to receive amounts as provided under section 297I.07, subdivision 3, clause (1). The commissioner shall administer the account and allocate money in the account as follows:

(1) 17.342 percent as supplemental state pension funding paid to the executive director of the Public Employees Retirement Association for deposit in the public employees police and fire retirement fund established by section 353.65, subdivision 1;

(2) 8.658 percent to municipalities employing firefighters with retirement coverage by the public employees police and fire retirement plan, allocated in proportion to the relationship that the preceding December 31 number of firefighters employed by each municipality who have public employees police and fire retirement plan coverage bears to the total preceding December 31 number of municipal firefighters covered by the public employees police and fire retirement plan; and

(3) 74 percent for municipalities other than the municipalities receiving a disbursement under clause (2) which qualified to receive fire state aid in that calendar year, allocated in proportion to the most recent amount of fire state aid paid under subdivision 7 for the municipality bears to the most recent total fire state aid for all municipalities other than the municipalities receiving a disbursement under clause (2) paid under subdivision 7, with the allocated amount for fire departments participating in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the executive director of the Public Employees Retirement Association for deposit in the fund established by section 353G.02, subdivision 3, and credited to the respective account and with the balance paid to the treasurer of each municipality for transmittal within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief association for deposit in its special fund.

(b) A surcharge police pension aid account is established in the special revenue fund to receive amounts as provided by section 2971.07, subdivision 3, clause (2). The commissioner shall administer the account and allocate money in the account as follows:

(1) one-third to be distributed as police state aid as provided under subdivision 7a; and

(2) two-thirds to be apportioned, on the basis of the number of active police officers certified for police state aid receipt under section 69.011, subdivisions 2 and 2b, between:

(i) the executive director of the Public Employees Retirement Association for deposit as a supplemental state pension funding aid in the public employees police and fire retirement fund established by section 353.65, subdivision 1; and

(ii) the executive director of the Minnesota State Retirement System for deposit as a supplemental state pension funding aid in the state patrol retirement fund.

(c) On or before September 1, annually, the executive director of the Public Employees Retirement Association shall report to the commissioner the following:

(1) the municipalities which employ firefighters with retirement coverage by the public employees police and fire retirement plan;

(2) the number of firefighters with public employees police and fire retirement plan employed by each municipality;

(3) the fire departments covered by the voluntary statewide lump-sum volunteer firefighter retirement plan; and

(4) any other information requested by the commissioner to administer the surcharge fire pension aid account.

(d) For this subdivision, (i) the number of firefighters employed by a municipality who have public employees police and fire retirement plan coverage means the number of firefighters with public employees police and fire retirement plan coverage that were employed by the municipality for not less than 30 hours per week for a minimum of six months prior to December 31 preceding the date of the payment under this section and, if the person was employed for less than the full year, prorated to the number of full months employed; and, (ii) the number of active police officers certified for police state aid receipt under section 69.011, subdivisions 2 and 2b means, for each municipality, the number of police officers meeting the definition of peace officer in section 69.011, subdivision 1, counted as provided and limited by section 69.011, subdivisions 2 and 2b.

(e) The payments under this section shall be made on October 1 each year, based on the amount in the surcharge fire pension aid account and the amount in the surcharge police pension aid account on the preceding June 30, with interest at 1 percent for each month, or portion of a month, that the amount remains unpaid after October 1. The amounts necessary to make the payments under this subdivision are annually appropriated to the commissioner from the surcharge fire and police pension aid accounts. Any necessary adjustments shall be made to subsequent payments.

(f) The provisions of this chapter that prevent municipalities and relief associations from being eligible for, or receiving state aid under this chapter until the applicable financial reporting requirements have been complied with, apply to the amounts payable to municipalities and relief associations under this subdivision.

(g) The amounts necessary to make the payments under this subdivision are appropriated to the commissioner from the respective accounts in the special revenue fund.

EFFECTIVE DATE. This section is effective beginning in the fiscal year beginning July 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 273.1398, subdivision 4, is amended to read:

Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989, class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone, as defined in section 469.166; (2)

the property is located in a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000 according to the 1980 decennial census.

(b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to ~~2.3~~ 2 percent of the property's market value and (ii) the tax on class 3a property to ~~2.3~~ 2 percent of market value.

(c) The county auditor shall annually certify the costs of the credits to the Department of Revenue. The department shall reimburse local governments for the property taxes forgone as the result of the credits in proportion to their total levies.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2014.

Sec. 3. Minnesota Statutes 2012, section 290C.02, subdivision 6, is amended to read:

Subd. 6. **Forest land.** "Forest land" means land containing a minimum of 20 contiguous acres for which the owner has implemented a forest management plan that was prepared or updated within the past ten years by an approved plan writer. For purposes of this subdivision, acres are considered to be contiguous even if they are separated by a road, waterway, railroad track, or other similar intervening property. At least 50 percent of the contiguous acreage must meet the definition of forest land in section 88.01, subdivision 7. For the purposes of sections 290C.01 to 290C.11, forest land does not include the following:

(i) land used for residential or agricultural purposes;

(ii) land enrolled in the reinvest in Minnesota program, a state or federal conservation reserve or easement reserve program under sections 103F.501 to 103F.531, the Minnesota agricultural property tax law under section 273.111, or land subject to agricultural land preservation controls or restrictions as defined in section 40A.02 or under the Metropolitan Agricultural Preserves Act under chapter 473H; ~~or~~;

(iii) land subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity; or

(iv) land improved with a structure, pavement, sewer, campsite, or any road, other than a township road, used for purposes not prescribed in the forest management plan.

EFFECTIVE DATE. This section is effective for payments made beginning in calendar year 2014.

Sec. 4. Minnesota Statutes 2012, section 290C.05, is amended to read:

290C.05 ANNUAL CERTIFICATION.

On or before July 1 of each year, beginning with the year after the original claimant has received an approved application, the commissioner shall send each claimant enrolled under the sustainable forest incentive program a certification form. For purposes of this section, the original claimant is the person that filed the first application under section 290C.04 to enroll the land in the program. The claimant must sign the certification, attesting that the requirements and conditions for continued enrollment in the program are currently being met, and must return the signed certification form, along with a copy of the property tax statement for the property taxes payable on the enrolled property for the calendar year and any other information the commissioner deems necessary to determine whether the property is qualified under section 290C.02, subdivision 6, or the amount of the payment under section 290C.07, paragraph (a), clause (2), to the commissioner by August 15 of that same year. If the claimant does not return an annual certification form by the due date, the provisions in section 290C.11 apply.

EFFECTIVE DATE. This section is effective for payments made beginning in calendar year 2014.

Sec. 5. Minnesota Statutes 2012, section 290C.07, is amended to read:

290C.07 CALCULATION OF INCENTIVE PAYMENT.

(a) An approved claimant under the sustainable forest incentive program is eligible to receive an annual payment. The payment shall be equal to the lesser of (1) \$7 per acre or (2) one-half of the property tax payable for the calendar year for each acre enrolled in the sustainable forest incentive program.

(b) The annual payment for each Social Security number or state or federal business tax identification number must not exceed \$100,000.

EFFECTIVE DATE. This section is effective for payments made beginning in calendar year 2014.

Sec. 6. [297L.07] SURCHARGE ON HOMEOWNERS AND AUTO POLICIES.

Subdivision 1. Surcharge on policies. (a) Each licensed insurer engaged in writing insurance shall collect a surcharge equal to \$5 per calendar year for each policy issued or renewed during that calendar year for:

(1) homeowners insurance authorized in section 60A.06, subdivision 1, clause (1)(c); and

(2) automobile insurance as defined in section 65B.14, subdivision 2.

(b) The surcharge amount collected under this subdivision must not be considered premium for any other purpose. The surcharge amount must be separately stated on either a billing or policy declaration or document containing similar information sent to an insured.

Subd. 2. **Collection and administration.** The commissioner shall administer the surcharge imposed by this section in the same manner as the taxes imposed by this chapter.

Subd. 3. **Deposit of revenues.** The commissioner shall deposit revenues from the surcharge under this section as follows:

(1) amounts from the surcharge imposed under subdivision 1, paragraph (a), clause (1), in a surcharge fire pension aid account in the special revenue fund; and

(2) amounts from the surcharge imposed under subdivision 1, paragraph (a), clause (2), in a surcharge police pension aid account in the special revenue fund.

Subd. 4. **Surcharge termination.** The surcharge imposed under subdivision 1 ends on the December 31 next following the actuarial valuation date on which the assets of the retirement plan on a market value equals or exceeds 90 percent of the total actuarial accrued liabilities of the retirement plan as disclosed in an actuarial valuation prepared under section 356.215 and the Standards for Actuarial Work promulgated by the Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan or the public employees police and fire retirement plan, whichever occurs last.

EFFECTIVE DATE. This section is effective for policies issued after June 30, 2013.

Sec. 7. Minnesota Statutes 2012, section 477A.011, subdivision 30, is amended to read:

Subd. 30. **Pre-1940 housing percentage.** (a) Except as provided in paragraph (b), "pre-1940 housing percentage" for a city is 100 times the most recent federal census count by the United States Bureau of the Census of all housing units in the city built before 1940, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

(b) For the city of East Grand Forks only, "pre-1940 housing percentage" is equal to 100 times the 1990 federal census count of all housing units in the city built before 1940, divided by the most recent count by the United States Bureau of the Census of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 8. Minnesota Statutes 2012, section 477A.011, is amended by adding a subdivision to read:

Subd. 30a. **Percent of housing built between 1940 and 1970.** "Percent of housing built between 1940 and 1970" is equal to 100 times the most recent count by the United States Bureau of the Census of all housing units in the city built after 1939 but before 1970, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 9. Minnesota Statutes 2012, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 2,500 ~~10,000~~, "city revenue need" is the ~~greater of 285 or 1.15 times~~ the sum of (1) ~~5.0734098~~ 4.59 times the pre-1940 housing percentage; plus (2) ~~19.141678~~ times the ~~population decline percentage~~ 0.622 times the percent of housing built between 1940 and 1970; plus (3) ~~2504.06334~~ times the road accidents factor 169.415 times the jobs per capita; plus (4) ~~355.0547~~; minus (5) the metropolitan area factor; minus (6) ~~49.10638~~ times the household size the sparsity adjustment; plus (5) 307.664.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population decline.

~~(b)~~ (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4) 1.206 times the transformed population; minus (5) 62.772 410 plus 0.367 times the city's population over 100. The city revenue need under this paragraph shall not exceed 630.

~~(e)~~ (d) For a city with a population of at least 2,500 or more and a population in one of the most recently available five years that was less than 2,500, "city revenue need" is the sum of (1) its city revenue need calculated under paragraph (a) multiplied by its transition factor; plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied by the difference between one and its transition factor. For purposes of this paragraph, a city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's population estimate has been 2,500 or more. This provision only applies for aids payable in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It applies to any city for aids payable in 2009 and thereafter but less than 3,000, the "city

revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b) plus (2) 630 times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than 10,500, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a) plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of this paragraph "transition factor" is 0.2 percent times the amount that the city's population exceeds the minimum threshold in either of the first two sentences.

~~(d)~~ (e) The city revenue need cannot be less than zero.

(e) (f) For calendar year ~~2005~~ 2015 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to ~~(d)~~ (e), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the ~~2003~~ 2013 implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 10. Minnesota Statutes 2012, section 477A.011, subdivision 42, is amended to read:

Subd. 42. **City jobs base** Jobs per capita. (a) ~~"City jobs base" for a city with a population of 5,000 or more is equal to the product of (1) \$25.20, (2) the number of jobs per capita in the city, and (3) its population. For cities with a population less than 5,000, the city jobs base is equal to zero. For a city receiving aid under subdivision 36, paragraph (k), its city jobs base is reduced by the lesser of 36 percent of the amount of aid received under that paragraph or \$1,000,000. No city's city jobs base may exceed \$4,725,000 under this paragraph.~~

~~(b) For calendar year 2010 and subsequent years, the city jobs base for a city, as determined in paragraph (a), is multiplied by the ratio of the appropriation under section 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under that section for aids payable in 2009.~~

~~(c) For purposes of this subdivision, "Jobs per capita in the city" means (1) the average annual number of employees in the city based on the data from the Quarterly Census of Employment and Wages, as reported by the Department of Employment and Economic Development, for the most recent calendar year available as of May 1, 2008~~ November 1 of every odd-numbered year, divided by (2) the city's population for the same calendar year as the employment data. The commissioner of the Department of

Employment and Economic Development shall certify to the city the average annual number of employees for each city by ~~June 1, 2008~~ January 15, of every even-numbered year beginning with January 15, 2014. A city may challenge an estimate under this paragraph by filing its specific objection, including the names of employers that it feels may have misreported data, in writing with the commissioner by ~~June 20, 2008~~ December 1 of every odd-numbered year. The commissioner shall make every reasonable effort to address the specific objection and adjust the data as necessary. The commissioner shall certify the estimates of the annual employment to the commissioner of revenue by ~~July 15, 2008~~ January 15 of all even-numbered years, including any estimates still under objection. For aids payable in 2014, "jobs per capita" shall be based on the annual number of employees and population for calendar year 2010 without additional review.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 11. Minnesota Statutes 2012, section 477A.011, is amended by adding a subdivision to read:

Subd. 44. **Peak population decline.** "Peak population decline" is equal to 100 times the difference between one and the ratio of the city's current population, to the highest city population reported in a federal census from the 1970 census or later. "Peak population decline" shall not be less than zero.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 12. Minnesota Statutes 2012, section 477A.011, is amended by adding a subdivision to read:

Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the sparsity adjustment is 100 for any city with an average population density less than 150 per square mile, according to the most recent federal census, and the sparsity adjustment is zero for all other cities.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 13. Minnesota Statutes 2012, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a city is equal to the lesser of its unmet need or the sum of (1) its 2013 certified aid and

34.1 (2) the product of (i) the difference between its unmet need and its 2013 certified aid
 34.2 and (ii) the aid gap percentage.

34.3 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to
 34.4 the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase
 34.5 percentage multiplied by the average of its unmet need for the most recently available two
 34.6 years formula aid in the previous year and (2) the product of (i) the difference between
 34.7 its unmet need and its certified aid in the previous year under subdivision 9, and (ii)
 34.8 the aid gap percentage.

34.9 No city may have a formula aid amount less than zero. The need-increase aid gap
 34.10 percentage must be the same for all cities.

34.11 The applicable need-increase aid gap percentage must be calculated by the
 34.12 Department of Revenue so that the total of the aid under subdivision 9 equals the total
 34.13 amount available for aid under section 477A.03. Data used in calculating aids to cities
 34.14 under sections 477A.011 to 477A.013 shall be the most recently available data as of
 34.15 January 1 in the year in which the aid is calculated except that the data used to compute "net
 34.16 levy" in subdivision 9 is the data most recently available at the time of the aid computation.

34.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 34.18 2014 and thereafter.

34.19 Sec. 14. Minnesota Statutes 2012, section 477A.013, subdivision 9, is amended to read:

34.20 Subd. 9. **City aid distribution.** (a) In calendar year ~~2013~~ 2014 and thereafter, each
 34.21 city shall receive an aid distribution equal to the sum of (1) the city formula aid under
 34.22 subdivision 8, and (2) its ~~city aid base~~ aid adjustment under subdivision 13.

34.23 ~~(b) For aids payable in 2013 and 2014 only, the total aid in the previous year for~~
 34.24 ~~any city shall mean the amount of aid it was certified to receive for aids payable in 2012~~
 34.25 ~~under this section. For aids payable in 2015 and thereafter, the total aid in the previous~~
 34.26 ~~year for any city means the amount of aid it was certified to receive under this section in~~
 34.27 ~~the previous payable year.~~

34.28 ~~(c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed~~
 34.29 ~~the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution~~
 34.30 ~~plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total~~
 34.31 ~~aid for any city with a population of 2,500 or more may not be less than its total aid under~~
 34.32 ~~this section in the previous year minus the lesser of \$10 multiplied by its population, or ten~~
 34.33 ~~percent of its net levy in the year prior to the aid distribution.~~

34.34 ~~(d)~~ (b) For aids payable in 2014 only, the total aid for a city may not be less than the
 34.35 amount it was certified to receive in 2013. For aids payable in ~~2010~~ 2015 and thereafter,

the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of \$10 multiplied by its population, or five percent of its 2003-certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero its net levy in the year prior to the aid distribution.

(e) A city's aid loss under this section may not exceed \$300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (e) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2014 and thereafter.

Sec. 15. Minnesota Statutes 2012, section 477A.013, is amended by adding a subdivision to read:

Subd. 13. **Certified aid adjustments.** (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.

(b) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (m), (v), or (w), shall have its total aid under subdivision 9 decreased by the amount of its aid base increase under those paragraphs in calendar year 2013.

Sec. 16. Minnesota Statutes 2012, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in 2013 2014 and thereafter, the total aid paid under section 477A.013, subdivision 9, is ~~\$426,438,012~~ \$486,438,012. For aids payable in 2015, the total aid paid under section 477A.013, subdivision 9, is \$506,438,012. For

36.1 aids payable in 2016 and thereafter, the total aid paid under section 477A.013, subdivision
36.2 9, is the amount certified under that section in the previous year multiplied by the inflation
36.3 adjustment under subdivision 6.

36.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
36.5 2014 and thereafter.

36.6 Sec. 17. Minnesota Statutes 2012, section 477A.03, subdivision 2b, is amended to read:

36.7 Subd. 2b. **Counties.** (a) For aids payable in ~~2013~~ 2014 and thereafter, the total aid
36.8 payable under section 477A.0124, subdivision 3, is ~~\$80,795,000~~ \$95,795,000. Each
36.9 calendar year, \$500,000 of this appropriation shall be retained by the commissioner
36.10 of revenue to make reimbursements to the commissioner of management and budget
36.11 for payments made under section 611.27. ~~For calendar year 2004, the amount shall~~
36.12 ~~be in addition to the payments authorized under section 477A.0124, subdivision 1.~~
36.13 ~~For calendar year 2005 and subsequent years, the amount shall be deducted from the~~
36.14 ~~appropriation under this paragraph.~~ The reimbursements shall be to defray the additional
36.15 costs associated with court-ordered counsel under section 611.27. Any retained amounts
36.16 not used for reimbursement in a year shall be included in the next distribution of county
36.17 need aid that is certified to the county auditors for the purpose of property tax reduction
36.18 for the next taxes payable year.

36.19 (b) For aids payable in ~~2013~~ 2014 and thereafter, the total aid under section
36.20 477A.0124, subdivision 4, is ~~\$84,909,575~~ \$99,909,575. The commissioner of management
36.21 and budget shall bill the commissioner of revenue for the cost of preparation of local impact
36.22 notes as required by section 3.987, not to exceed \$207,000 in each fiscal year ~~2004 and~~
36.23 ~~thereafter~~. The commissioner of education shall bill the commissioner of revenue for the
36.24 cost of preparation of local impact notes for school districts as required by section 3.987,
36.25 not to exceed \$7,000 in each fiscal year ~~2004 and thereafter~~. The commissioner of revenue
36.26 shall deduct the amounts billed under this paragraph from the appropriation under this
36.27 paragraph. The amounts deducted are appropriated to the commissioner of management
36.28 and budget and the commissioner of education for the preparation of local impact notes.

36.29 **EFFECTIVE DATE.** This section is effective for aid payable in 2014 and thereafter.

36.30 Sec. 18. Minnesota Statutes 2012, section 477A.03, is amended by adding a
36.31 subdivision to read:

36.32 Subd. 6. **Inflation adjustment.** In 2016 and thereafter, the amount paid under
36.33 subdivision 2a shall be multiplied by an amount equal to one plus the sum of (1) the

37.1 percentage increase in the implicit price deflator for government expenditures and gross
37.2 investment for state and local government purchases as prepared by the United States
37.3 Department of Commerce, for the 12-month period ending March 31 of the previous
37.4 calendar year, and (2) the percentage increase in total city population for the most recently
37.5 available years as of January 15 of the current year. The percentage increase in this
37.6 subdivision shall not be less than 2.5 percent or greater than five percent.

37.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
37.8 2014 and thereafter.

37.9 Sec. 19. **REPEALER.**

37.10 (a) Minnesota Statutes 2012, sections 477A.011, subdivisions 2a, 19, 29, 31, 32, 33,
37.11 36, 39, 40, 41, and 42; 477A.013, subdivisions 11 and 12; 477A.0133; and 477A.0134, are
37.12 repealed.

37.13 (b) Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008, chapter
37.14 154, article 1, section 4, is repealed.

37.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
37.16 2014 and thereafter.

37.17 **ARTICLE 4**

37.18 **PROPERTY TAXES**

37.19 Section 1. Minnesota Statutes 2012, section 103B.102, subdivision 3, is amended to
37.20 read:

37.21 Subd. 3. **Evaluation and report.** The Board of Water and Soil Resources shall
37.22 evaluate performance, financial, and activity information for each local water management
37.23 entity. The board shall evaluate the entities' progress in accomplishing their adopted plans
37.24 on a regular basis as determined by the board based on budget and operations of the local
37.25 water management entity, but not less than once every ~~five~~ ten years. The board shall
37.26 maintain a summary of local water management entity performance on the board's Web site.
37.27 Beginning February 1, 2008, and annually thereafter, the board shall provide an analysis
37.28 of local water management entity performance to the chairs of the house of representatives
37.29 and senate committees having jurisdiction over environment and natural resources policy.

37.30 Sec. 2. Minnesota Statutes 2012, section 103B.335, is amended to read:

37.31 **103B.335 TAX LEVY AUTHORITY.**

Subdivision 1. **Local water planning and management.** The governing body of any county, municipality, or township may levy a tax in an amount required to implement sections 103B.301 to 103B.355 or a comprehensive watershed management plan as defined in section 103B.3363.

Subd. 2. **Priority programs; conservation and watershed districts.** A county may levy amounts necessary to pay the reasonable ~~increased~~ costs to soil and water conservation districts and watershed districts of administering and implementing priority programs identified in an approved and adopted plan or a comprehensive watershed management plan as defined in section 103B.3363.

Sec. 3. Minnesota Statutes 2012, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. **Financial assistance.** A base grant may be awarded to a county that provides a match utilizing a water implementation tax or other local source. A water implementation tax that a county intends to use as a match to the base grant must be levied at a rate sufficient to generate a minimum amount determined by the board. The board may award performance-based grants to local units of government that are responsible for implementing elements of applicable portions of watershed management plans, comprehensive plans, local water management plans, or comprehensive watershed management plans, developed or amended, adopted and approved, according to chapter 103B, 103C, or 103D. Upon request by a local government unit, the board may also award performance-based grants to local units of government to carry out TMDL implementation plans as provided in chapter 114D, if the TMDL implementation plan has been incorporated into the local water management plan according to the procedures for approving comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under chapter 103B, 103C, or 103D, or if the TMDL implementation plan has undergone a public review process. Notwithstanding section 16A.41, the board may award performance-based grants on an advanced basis. The fee authorized in section 40A.152 may be used as a local match or as a supplement to state funding to accomplish implementation of comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under chapter 103B, 103C, or 103D.

Sec. 4. Minnesota Statutes 2012, section 103C.501, subdivision 4, is amended to read:

Subd. 4. **Cost-sharing funds.** (a) The state board shall allocate ~~at least 70 percent~~ of cost-sharing funds to areas with high priority erosion, sedimentation, or water quality

39.1 problems or water quantity problems due to altered hydrology. The areas must be selected
 39.2 based on ~~the statewide~~ priorities established by the state board.

39.3 (b) The allocated funds must be used for conservation practices for high priority
 39.4 problems identified in the comprehensive and annual work plans of the districts, for
 39.5 the technical assistance portion of the grant funds to leverage federal or other nonstate
 39.6 funds, or to address high-priority needs identified in local water management plans or
 39.7 comprehensive watershed management plans.

39.8 ~~(b) The remaining cost-sharing funds may be allocated to districts as follows:~~

39.9 ~~(1) for technical and administrative assistance, not more than 20 percent of the~~
 39.10 ~~funds; and~~

39.11 ~~(2) for conservation practices for lower priority erosion, sedimentation, or water~~
 39.12 ~~quality problems.~~

39.13 Sec. 5. Minnesota Statutes 2012, section 103F.405, subdivision 1, is amended to read:

39.14 Subdivision 1. **Authority.** Each statutory or home rule charter city, town, or
 39.15 county that has planning and zoning authority under sections 366.10 to 366.19, 394.21
 39.16 to 394.37, or 462.351 to 462.365 is encouraged to adopt a soil loss ordinance. The soil
 39.17 loss ordinance must use the soil loss tolerance for each soil series described in the United
 39.18 States Soil Natural Resources Conservation Service Field Office Technical Guide, or
 39.19 another method approved by the Board of Water and Soil Resources, to determine the
 39.20 soil loss limits, but the soil loss limits must be attainable by the best practicable soil
 39.21 conservation practice. Ordinances adopted by local governments ~~within the metropolitan~~
 39.22 ~~area defined in section 473.121~~ must be consistent with ~~local water management plans~~
 39.23 ~~adopted under section 103B.235~~ a comprehensive plan, local water management plan, or
 39.24 watershed management plan developed or amended, adopted and approved, according
 39.25 to chapter 103B, 103C, or 103D.

39.26 Sec. 6. Minnesota Statutes 2012, section 168.012, subdivision 9, is amended to read:

39.27 Subd. 9. **Manufactured homes and park trailers.** Manufactured homes and park
 39.28 trailers shall not be taxed as motor vehicles using the public streets and highways and shall
 39.29 be exempt from the motor vehicle tax provisions of this chapter. Except as provided in
 39.30 section 273.125, manufactured homes and park trailers shall be taxed as personal property.
 39.31 The provisions of Minnesota Statutes 1957, section 272.02 or any other act providing for
 39.32 tax exemption shall be inapplicable to manufactured homes and park trailers, except such
 39.33 manufactured homes as are held by a licensed dealer or limited dealer and exempted as
 39.34 inventory under subdivision 9a. Travel trailers not conspicuously displaying current

40.1 registration plates on the property tax assessment date shall be taxed as manufactured
40.2 homes if occupied as human dwelling places.

40.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
40.4 thereafter.

40.5 Sec. 7. Minnesota Statutes 2012, section 168.012, is amended by adding a subdivision
40.6 to read:

40.7 Subd. 9a. **Manufactured home as dealer inventory.** Manufactured homes as
40.8 defined in section 327.31, subdivision 6, shall be considered as dealer inventory if the
40.9 home is:

40.10 (1) listed as inventory and held by a licensed or limited dealer;

40.11 (2) unoccupied and not available for rent;

40.12 (3) may or may not be permanently connected to utilities when located in a
40.13 manufactured park; and

40.14 (4) may or may not be temporarily connected to utilities when located at a dealer's
40.15 sales center.

40.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
40.17 thereafter.

40.18 Sec. 8. Minnesota Statutes 2012, section 272.02, subdivision 39, is amended to read:

40.19 Subd. 39. **Economic development; public purpose.** The holding of property by a
40.20 political subdivision of the state for later resale for economic development purposes shall
40.21 be considered a public purpose in accordance with subdivision 8 for a period not to exceed
40.22 nine years, except that for property located in a city of ~~5,000~~ 20,000 population or under
40.23 that is located outside of the metropolitan area as defined in section 473.121, subdivision
40.24 2, the period must not exceed 15 years.

40.25 The holding of property by a political subdivision of the state for later resale (1)
40.26 which is purchased or held for housing purposes, or (2) which meets the conditions
40.27 described in section 469.174, subdivision 10, shall be considered a public purpose in
40.28 accordance with subdivision 8.

40.29 The governing body of the political subdivision which acquires property which is
40.30 subject to this subdivision shall after the purchase of the property certify to the city or
40.31 county assessor whether the property is held for economic development purposes or
40.32 housing purposes, or whether it meets the conditions of section 469.174, subdivision 10.
40.33 If the property is acquired for economic development purposes and buildings or other

improvements are constructed after acquisition of the property, and if more than one-half of the floor space of the buildings or improvements which is available for lease to or use by a private individual, corporation, or other entity is leased to or otherwise used by a private individual, corporation, or other entity the provisions of this subdivision shall not apply to the property. This subdivision shall not create an exemption from section 272.01, subdivision 2; 272.68; 273.19; or 469.040, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person.

EFFECTIVE DATE. This section is effective for assessment year 2013 and thereafter and for taxes payable in 2014 and thereafter.

Sec. 9. Minnesota Statutes 2012, section 272.02, is amended by adding a subdivision to read:

Subd. 98. Certain property owned by an Indian tribe. (a) Property is exempt that: (1) was classified as 3a under section 273.13, subdivision 24, for taxes payable in 2013;

(2) is located in a city of the first class with a population greater than 300,000 as of the 2010 federal census;

(3) is owned and occupied directly or indirectly by a federally recognized Indian tribe within the state of Minnesota; and

(4) is used exclusively for tribal purposes or institutions of public charity as defined in subdivision 7.

(b) For purposes of this subdivision, a "tribal purpose" is a public purpose as defined in subdivision 8 and includes noncommercial tribal government activities. Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 20,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption. The exemption created by this subdivision expires with taxes payable in 2024.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2014.

Sec. 10. Minnesota Statutes 2012, section 272.02, is amended by adding a subdivision to read:

Subd. 99. Public entertainment facility; property tax exemption; special assessment. Any real or personal property acquired, owned, leased, controlled, used,

or occupied by a first class city for the primary purpose of providing an arena for a professional basketball team is declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and is exempt from ad valorem taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. In determining the special benefit received by the properties, no possible use of any of the properties in any manner different from their intended use for providing a professional basketball arena at the time may be considered. Notwithstanding section 272.01, subdivision 2, or 273.19, real or personal property subject to a lease or use agreement between the city and another person for uses related to the purposes of the operation of the arena is exempt from taxation regardless of the length of the lease or use agreement. This section, insofar as it provides an exemption or special treatment, does not apply to any real property that is leased for residential, business, or commercial development, or to a restaurant that is open for general business more than 200 days a year, or for other purposes different from those necessary to the provision and operation of the arena.

EFFECTIVE DATE. This section is effective beginning with assessment year 2013.

Sec. 11. Minnesota Statutes 2012, section 272.02, is amended by adding a subdivision to read:

Subd. 100. Public entertainment facility; property tax exemption; special assessment. Any real or personal property acquired, owned, leased, controlled, used, or occupied by a first class city for the primary purpose of providing a ball park for a minor league baseball team is declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and is exempt from ad valorem taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. In determining the special benefit received by the properties, no possible use of any of the properties in any manner different from their intended use for providing a minor league ballpark at the time may be considered. Notwithstanding section 272.01, subdivision 2, or 273.19, real or personal property subject to a lease or use agreement between the city and another person for uses related to the purposes of the operation of the ballpark and related parking facilities is exempt from taxation regardless of the length of the lease or use agreement. This section, insofar as it

43.1 provides an exemption or special treatment, does not apply to any real property that is
43.2 leased for residential, business, or commercial development or other purposes different
43.3 from those necessary to the provision and operation of the ball park.

43.4 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2013.

43.5 Sec. 12. Minnesota Statutes 2012, section 272.02, is amended by adding a subdivision
43.6 to read:

43.7 Subd. 101. **Electric generation facility; personal property.** (a) Notwithstanding
43.8 subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and
43.9 other personal property which is part of an electric generation facility that exceeds five
43.10 megawatts of installed capacity and meets the requirements of this subdivision is exempt.
43.11 At the time of construction, the facility must be:

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

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

43.15 (3) designed to utilize reciprocating engines paired with generators to produce
43.16 electrical power;

43.17 (4) located within the service territory of a municipal power agency's electrical
43.18 municipal utility that serves load exclusively in a metropolitan county as defined in
43.19 section 473.121, subdivision 4; and

43.20 (5) designed to connect directly with a municipality's substation.

43.21 (b) Construction of the facility must be commenced after June 1, 2013, and before
43.22 June 1, 2017. Property eligible for this exemption does not include electric transmission
43.23 lines and interconnections or gas pipelines and interconnections appurtenant to the
43.24 property or the facility.

43.25 **EFFECTIVE DATE.** This section is effective for assessment year 2013, taxes
43.26 payable in 2014, and thereafter.

43.27 Sec. 13. Minnesota Statutes 2012, section 273.11, is amended by adding a subdivision
43.28 to read:

43.29 Subd. 24. **Valuation limit for class 4d property.** Notwithstanding the provisions of
43.30 subdivision 1, the taxable value of any property classified as class 4d under section 273.13,
43.31 subdivision 25, is limited as provided under this section. For assessment year 2013, the
43.32 value may not exceed \$100,000 times the number of dwelling units. For subsequent years,
43.33 the limit is adjusted each year by the average statewide change in estimated market value

of property classified as class 4a and 4d under section 273.13, subdivision 25, for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000. Beginning with assessment year 2014, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year.

EFFECTIVE DATE. This section is effective beginning with assessment year 2013.

Sec. 14. Minnesota Statutes 2012, section 279.01, subdivision 1, is amended to read:

Subdivision 1. **Due dates; penalties.** Except as provided in ~~subdivision~~ subdivisions 3 or 4 to 5, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty is at a rate of two percent on homestead property until May 31 and four percent on June 1. The penalty on nonhomestead property is at a rate of four percent until May 31 and eight percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. In order for the first half of the tax due on class 3a property to be paid after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, without penalty, the owner of the property must attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month accrues and is charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of

four percent accrues and on the first day of December following, an additional penalty of two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month accrues and is charged on all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty attaches to the remaining one-half until October 16 following.

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

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

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

Sec. 15. Minnesota Statutes 2012, section 279.01, is amended by adding a subdivision to read:

Subd. 5. **Federal active service exception.** In the case of a homestead property owned by an individual who is on federal active service, as defined in section 190.05, subdivision 5c, as a member of the National Guard or a reserve component, a six-month grace period is granted for complying with the due dates imposed by subdivision 1. During this period, no late fees or penalties shall accrue against the property. The due date for property taxes owed under this chapter for an individual covered by this subdivision shall be November 16 for taxes due on May 16, and April 16 of the following year for taxes due on October 16. A taxpayer making a payment under this subdivision must accompany the payment with a signed copy of the taxpayer's orders or form DD214 showing the dates of active service which clearly indicate that the taxpayer was in active service as a member of the National Guard or a reserve component on the date the payment was due. This grace period applies to all homestead property owned by individuals on federal active

46.1 service, as herein defined, for all of that property's due dates which fall on a day that is
46.2 included in the taxpayer's federal active service.

46.3 Sec. 16. Minnesota Statutes 2012, section 279.02, is amended to read:

46.4 **279.02 DUTIES OF COUNTY AUDITOR AND TREASURER.**

46.5 Subdivision 1. **Delinquent property; rates.** On the first business day in January, of
46.6 each year, the county treasurer shall return the tax lists on hand to the county auditor, who
46.7 shall compare the same with the statements receipted for by the treasurer on file in the
46.8 auditor's office and each tract or lot of real property against which the taxes, or any part
46.9 thereof, remain unpaid, shall be deemed delinquent, and thereupon an additional penalty
46.10 of two percent on the amount of the original tax remaining unpaid shall immediately
46.11 accrue and thereafter be charged upon all such delinquent taxes; and any auditor who
46.12 shall make out and deliver any statement of delinquent taxes without including therein
46.13 the penalties imposed by law, and any treasurer who shall receive payment of such taxes
46.14 without including in such payment all items as shown on the auditor's statement, shall be
46.15 liable to the county for the amounts of any items omitted.

46.16 Subd. 2. **Federal active service exception.** Notwithstanding subdivision 1, a
46.17 homestead property owned by an individual who is on federal active service, as defined
46.18 in section 190.05, subdivision 5c, as a member of the National Guard or a reserve
46.19 component, shall not be deemed delinquent under this section if the due dates imposed
46.20 under section 279.01 fall on a day in which the individual was on federal active service.

46.21 Sec. 17. Minnesota Statutes 2012, section 287.05, is amended by adding a subdivision
46.22 to read:

46.23 Subd. 10. **Hennepin and Ramsey Counties.** For properties located in Hennepin
46.24 and Ramsey Counties, the county may impose an additional mortgage registry tax as
46.25 defined in sections 383A.80 and 383B.80.

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

46.27 Sec. 18. **[287.40] HENNEPIN AND RAMSEY COUNTIES.**

46.28 For properties located in Hennepin and Ramsey Counties, the county may impose an
46.29 additional deed tax as defined in sections 383A.80 and 383B.80.

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

Sec. 19. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243, article 6, section 9, Laws 2000, chapter 490, article 6, section 15, and Laws 2008, chapter 154, article 2, section 30, is amended to read:

Sec. 3. TAX; PAYMENT OF EXPENSES.

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

(b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used solely by the Cook ambulance service and the Orr ambulance service for the purpose of capital expenditures as it relates to:

(1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance service and not;

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

(3) parts and replacement parts for maintenance and repair of the ambulances.

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

(c) The part of the levy referred to in paragraph (b) must be administered by the Cook Hospital and passed on in equal amounts directly to the Cook area ambulance service board and the city of Orr to be held in trust until funding for a new ambulance is needed by either the Cook ambulance service or the Orr ambulance service used for the purposes in paragraph (b).

Sec. 20. Laws 1999, chapter 243, article 6, section 11, is amended to read:

Sec. 11. CEMETERY LEVY FOR SAWYER BY CARLTON COUNTY.

~~Subdivision 1. Levy authorized.~~ Notwithstanding other law to the contrary, the Carlton county board of commissioners may annually levy in and for the unorganized township territory of Sawyer an amount up to \$1,000 annually for cemetery purposes, ~~beginning with taxes payable in 2000 and ending with taxes payable in 2009.~~

~~Subd. 2. Effective date.~~ This section is effective June 1, 1999, without local approval.

EFFECTIVE DATE; LOCAL APPROVAL. This section applies to taxes payable in 2014 and thereafter, and is effective the day after the Carlton county board of commissioners and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 21. Laws 2008, chapter 366, article 5, section 33, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in ~~2013~~ 2018, payable in ~~2014~~ 2019, and thereafter.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2014.

Sec. 22. Laws 2010, chapter 389, article 1, section 12, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for assessment ~~years~~ year 2010 and 2011, for taxes ~~payable in 2011 and 2012~~ thereafter.

EFFECTIVE DATE. This section is effective for assessment year 2012 and thereafter.

Sec. 23. **MINNEAPOLIS AND ST. PAUL; ENTERTAINMENT FACILITIES COORDINATION.**

(a) On or before January 1, 2015, the cities of St. Paul and Minneapolis shall establish a joint governing structure to coordinate and provide for joint marketing, promotion, and scheduling of conventions and events at the Target Center and Xcel Energy Center.

(b) On or before February 1, 2014, the cities of St. Paul and Minneapolis, and representatives from the primary professional sports team tenant of each facility, shall also study and report to the legislature on creating a joint governing structure to provide for joint administration, financing, and operations of the facilities and the possible effects of joint governance on the finances of each facility and each city. The study under this paragraph must:

(1) examine the current finances of each facility, including past and projected costs and revenues; projected capital improvements; and the current and projected impact of each facility on the city's general fund;

(2) determine the impacts of joint governance on the future finances of each facility and city;

(3) examine the inclusion of other entertainment venues in the joint governance, and the impact the inclusion of those facilities would have on all the facilities within the joint governing structure and the cities in which they are located; and

49.1 (4) consider the amount of city, regional, and state funding, if any, that would be
49.2 required to fund and operate the facilities under a joint governing structure.

49.3 (c) In considering joint governing structures under paragraph (b), the study shall
49.4 specifically consider the feasibility of joining the Target Center and the Xcel Energy
49.5 Center, and possibly other venues, to the Minnesota Sports Facilities Authority under
49.6 Minnesota Statutes, section 473J.08.

49.7 (d) Representatives of the cities and the primary professional sports team tenants
49.8 of each facility shall meet within 30 days of the effective date of this section to begin
49.9 implementation of this section.

49.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
49.11 upon compliance with the provisions of Minnesota Statutes, section 645.021, subdivisions
49.12 2 and 3, by the governing bodies of the cities of St. Paul and Minneapolis and their chief
49.13 clerical officers, and provided that, notwithstanding the time limits under Minnesota
49.14 Statutes, section 645.021, subdivision 3, the certificates of approval are filed with the
49.15 secretary of state within 30 days after enactment of this act.

49.16 Sec. 24. **MORATORIUM ON CHANGES IN ASSESSMENT PRACTICE.**

49.17 (a) An assessor may not deviate from current practices or policies used generally in
49.18 assessing or determining the taxable status of property used in the production of biofuels,
49.19 wine, beer, distilled beverages, or dairy products.

49.20 (b) An assessor may not change the taxable status of any existing property involved
49.21 in the industrial processes identified in paragraph (a), unless the change is made as a result
49.22 of a change in use of the property, or to correct an error. For currently taxable properties,
49.23 the assessor may change the estimated market value of the property.

49.24 **EFFECTIVE DATE.** This section is effective for assessment year 2013 only.

49.25 Sec. 25. **STUDY AND REPORT ON CERTAIN PROPERTY USED IN**
49.26 **BUSINESS AND PRODUCTION.**

49.27 In order to provide the legislature with information on the assessment of property
49.28 used in business and production activities, the commissioner of revenue must study the
49.29 impact of the exception contained in Minnesota Statutes, section 272.03, subdivision
49.30 1(c)(iii). The commissioner must report a summary of findings and recommendations to
49.31 the chairs and ranking minority members of the taxes committees of the senate and house
49.32 of representatives by February 1, 2014.

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

50.1 Sec. 26. **REIMBURSEMENT FOR PROPERTY TAX ABATEMENTS.**

50.2 Subdivision 1. **Reimbursement.** The commissioner of revenue shall reimburse
50.3 taxing jurisdictions for property tax abatements granted in Hennepin County under Laws
50.4 2011, First Special Session chapter 7, article 5, section 13, notwithstanding the time limits
50.5 contained in that section. The reimbursements must be made to each taxing jurisdiction
50.6 pursuant to the certification of the Hennepin County auditor.

50.7 Subd. 2. **Appropriation.** The amount necessary, not to exceed \$400,000, is
50.8 appropriated to the commissioner of revenue from the general fund to make the payments
50.9 required under this section. This appropriation does not cancel but is available until June
50.10 30, 2014.

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

50.12 Sec. 27. **IRON RANGE FISCAL DISPARITIES STUDY.**

50.13 Subdivision 1. **Study required.** The commissioner of revenue shall conduct a study
50.14 of the tax relief area revenue distribution program contained in Minnesota Statutes, chapter
50.15 276A, commonly known as the Iron Range fiscal disparities program. By February 1,
50.16 2015, the commissioner shall submit a report to the chairs and ranking minority members
50.17 of the house of representatives and senate tax committees consisting of the findings of the
50.18 study and identification of issues for policy makers to consider. The study must analyze:

50.19 (1) the extent to which the benefits of the economic growth in the region are shared
50.20 throughout the region, especially for growth that results from state or regional decisions;

50.21 (2) the program's impact on the variability of tax rates across jurisdictions of the
50.22 region;

50.23 (3) the program's impact on the distribution of homestead property tax burdens
50.24 across jurisdictions of the region; and

50.25 (4) the relationship between the impacts of the program and overburden on
50.26 jurisdictions containing properties that provide regional benefits, specifically the costs
50.27 those properties impose on their host jurisdictions in excess of their tax payments. The
50.28 report must include a description of other property tax, aid, and local development
50.29 programs that interact with the fiscal disparities program.

50.30 Subd. 2. **Funds transfer from fiscal disparities levy.** For taxes payable in 2014
50.31 only, \$75,000 must be added to St. Louis County's areawide levy as otherwise determined
50.32 under Minnesota Statutes, section 276A.06, subdivision 5. Upon receipt of the proceeds of
50.33 this levy, St. Louis County must transfer this money to the commissioner of management

51.1 and budget for deposit into an account in the special revenue fund. One-half of the
51.2 proceeds of the levy must be transferred prior to June 30, 2014.

51.3 Subd. 3. **Appropriation.** \$37,500 in fiscal year 2014 and \$37,500 in fiscal year
51.4 2015 are appropriated from the account in the special revenue fund established under
51.5 subdivision 2 to the commissioner of revenue to pay for the study required by this section.
51.6 Any amounts remaining in the account in the special revenue fund on June 30, 2015, must
51.7 be distributed to St. Louis County for the purposes of reducing the areawide tax rate
51.8 for taxes payable in 2016.

51.9 **EFFECTIVE DATE.** This section is effective July 1, 2013.

51.10 Sec. 28. **REPEALER.**

51.11 (a) Minnesota Statutes 2012, sections 428A.101; and 428A.21, are repealed.

51.12 (b) Minnesota Statutes 2012, sections 383A.80, subdivision 4; and 383B.80,
51.13 subdivision 4, are repealed.

51.14 **EFFECTIVE DATE.** This section is effective the day following final enactment,
51.15 and paragraph (b) reinstates the authority for Hennepin and Ramsey Counties to impose
51.16 the additional mortgage registry and deed tax effective for deeds and mortgages executed
51.17 on or after July 1, 2013.

51.18 **ARTICLE 5**

51.19 **SPECIAL TAXES**

51.20 Section 1. Minnesota Statutes 2012, section 270C.56, subdivision 1, is amended to read:

51.21 Subdivision 1. **Liability imposed.** A person who, either singly or jointly with
51.22 others, has the control of, supervision of, or responsibility for filing returns or reports,
51.23 paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a
51.24 person who is liable under any other law, is liable for the payment of taxes arising under
51.25 chapters 295, 296A, 297A, 297F, and 297G, or sections ~~256.9658~~, 290.92, and 297E.02,
51.26 and the applicable penalties and interest on those taxes.

51.27 **EFFECTIVE DATE.** This section is effective July 1, 2013.

51.28 Sec. 2. **[295.61] SPORTS MEMORABILIA GROSS RECEIPTS TAX.**

51.29 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
51.30 have the meanings given, unless the context clearly indicates otherwise.

51.31 (b) "Commissioner" means the commissioner of revenue.

52.1 (c) "Sale" means a transfer of title or possession of tangible personal property,
52.2 whether absolutely or conditionally.

52.3 (d) "Sports memorabilia" means items available for sale to the public that are sold
52.4 under a license granted by any professional sports league or a team that is a franchise of a
52.5 professional sports league, or an affiliate or subsidiary of a league or a team, including:

52.6 (1) one-of-a-kind items related to sports figures, teams, or events;

52.7 (2) trading cards;

52.8 (3) photographs;

52.9 (4) clothing;

52.10 (5) sports event licensed items;

52.11 (6) sports equipment; and

52.12 (7) similar items.

52.13 (e) "Wholesale" or "sale at wholesale" means a sale to a retailer, as defined in section
52.14 297A.61, subdivision 9, for the purpose of reselling the property to a third party.

52.15 (f) "Wholesaler" means any person making wholesale sales of sports memorabilia
52.16 to purchasers in the state.

52.17 Subd. 2. **Imposition.** A tax is imposed on each sale at wholesale of sports
52.18 memorabilia equal to ten percent of the gross revenues from the sale.

52.19 Subd. 3. **Estimated payments; annual return.** (a) Each wholesaler must make
52.20 estimated payments of the tax for the calendar year to the commissioner in quarterly
52.21 installments by April 15, July 15, October 15, and January 15 of the following calendar
52.22 year. Estimated tax payments are not required if the tax for the calendar year is less than
52.23 \$500. An underpayment of estimated installments bears interest at the rate specified in
52.24 section 270C.40, from the due date of the payment until paid or until the due date of the
52.25 annual return at the rate specified in section 270C.40. An underpayment of an estimated
52.26 installment is the difference between the amount paid and the lesser of (1) 90 percent of
52.27 one-quarter of the tax for the calendar year, or (2) the tax for the actual gross revenues
52.28 received during the quarter.

52.29 (b) A taxpayer with an aggregate tax liability of \$10,000 or more during a fiscal
52.30 year ending June 30, must remit all liabilities by funds transfer as defined in section
52.31 336.4A-104, paragraph (a), in the next calendar year. The funds-transfer payment date,
52.32 as defined in section 336.4A-401, is on or before the first funds-transfer business day
52.33 after the date the tax is due.

52.34 (c) The taxpayer must file an annual return reconciling the estimated payments by
52.35 March 15 of the following calendar year.

(d) The estimated payments and annual return must contain the information and be in the form prescribed by the commissioner.

Subd. 4. **Compensating use tax.** If the tax is not paid under subdivision 2, a compensating tax is imposed on possession for sale or use of sports memorabilia in the state. The rate of tax equals the rate under subdivision 2, and must be paid by the possessor of the items.

Subd. 5. **Administrative provisions.** Unless specifically provided otherwise by this section, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270C and 289A that apply to taxes imposed under chapter 297A apply to taxes imposed under this section.

Subd. 6. **Disposition of revenues.** The commissioner shall deposit the revenues from the tax in the general fund.

EFFECTIVE DATE. This section is effective for sales made after June 30, 2013.

Sec. 3. Minnesota Statutes 2012, section 297F.01, subdivision 3, is amended to read:

Subd. 3. **Cigarette.** "Cigarette" means any roll for smoking made wholly or in part of tobacco; that weighs 4.5 pounds or less per thousand:

(1) the wrapper or cover of which is made of paper or another substance or material except tobacco; or

(2) wrapped in any substance containing tobacco, however labeled or named, which, because of its appearance, size, the type of tobacco used in the filler, or its packaging, pricing, marketing, or labeling, is likely to be offered to or purchased by consumers as a cigarette, as defined in clause (1), unless it is wrapped in whole tobacco leaf and does not have a cellulose acetate or other cigarette-like filter.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 297F.01, is amended by adding a subdivision to read:

Subd. 10b. **Moist snuff.** "Moist snuff" means any finely cut, ground, or powdered smokeless tobacco that is intended to be placed or dipped in the mouth.

Sec. 5. Minnesota Statutes 2012, section 297F.01, subdivision 19, is amended to read:

Subd. 19. **Tobacco products.** "Tobacco products" means any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means,

or any component, part, or accessory of a tobacco product, including, but not limited to, cigars; ~~little cigars~~; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco products excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 297F.05, subdivision 1, is amended to read:

Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this state, upon having cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers, at the following rates:

(1) on cigarettes weighing not more than three pounds per thousand, ~~24~~ 141.5 mills on each such cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, ~~48~~ 283 mills on each such cigarette.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 7. Minnesota Statutes 2012, section 297F.05, is amended by adding a subdivision to read:

Subd. 1a. **Annual indexing.** (a) Each year the commissioner shall adjust the tax rates under subdivision 1, including any adjustment made in prior years under this subdivision, by multiplying the mill rates for the current calendar year by an adjustment factor. The adjustment factor equals the in-lieu sales tax rate that applies to the following calendar year divided by the in-lieu sales tax rate for the current calendar year. For purposes of this subdivision, "in-lieu sales tax rate" means the tax rate established under section 297F.25, subdivision 1, in tenths of a cent per pack.

(b) The commissioner shall publish the resulting rate by November 1 and the rate applies to sales made on or after January 1 of the following year.

(c) The determination of the commissioner under this subdivision is not a rule and is not subject to the Administrative Procedure Act in chapter 14.

Sec. 8. Minnesota Statutes 2012, section 297F.05, subdivision 3, is amended to read:

Subd. 3. **Rates; tobacco products.** (a) A tax is imposed upon all tobacco products in this state and upon any person engaged in business as a distributor, at the rate of ~~35~~ 95 percent of the wholesale sales price of the tobacco products. The tax is imposed at the time the distributor:

(1) brings, or causes to be brought, into this state from outside the state tobacco products for sale;

(2) makes, manufactures, or fabricates tobacco products in this state for sale in this state; or

(3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

(b) Notwithstanding paragraph (a), a minimum tax equal to the rate imposed on a pack of 20 cigarettes weighing not more than three pounds per thousand, as established under subdivision 1, is imposed on each container of moist snuff.

For purposes of this subdivision, a "container" means the smallest consumer-size can, package, or other container that is marketed or packaged by the manufacturer, distributor, or retailer for separate sale to a retail purchaser.

EFFECTIVE DATE. This section is effective July 1, 2013, except the minimum tax under paragraph (b) is effective January 1, 2014.

Sec. 9. Minnesota Statutes 2012, section 297F.05, subdivision 4, is amended to read:

Subd. 4. **Use tax; tobacco products.** A tax is imposed upon the use or storage by consumers of tobacco products in this state, and upon such consumers, at the rate of ~~35~~ 95 percent of the cost to the consumer of the tobacco products or the minimum tax under subdivision 3, paragraph (b), whichever is greater.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 10. Minnesota Statutes 2012, section 297F.24, subdivision 1, is amended to read:

Subdivision 1. **Fee imposed.** (a) A fee is imposed upon the sale of nonsettlement cigarettes in this state, upon having nonsettlement cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers of nonsettlement cigarettes. The fee equals a rate of ~~1.75~~ 2.5 cents per cigarette.

(b) The purpose of this fee is to:

(1) ensure that manufacturers of nonsettlement cigarettes pay fees to the state that are comparable to costs attributable to the use of the cigarettes;

(2) prevent manufacturers of nonsettlement cigarettes from undermining the state's policy of discouraging underage smoking by offering nonsettlement cigarettes at prices substantially below the cigarettes of other manufacturers; and

(3) fund such other purposes as the legislature determines appropriate.

Sec. 11. Minnesota Statutes 2012, section 297F.25, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** (a) A tax is imposed on distributors on the sale of cigarettes by a cigarette distributor to a retailer or cigarette subjobber for resale in this state. The tax is equal to ~~6.5 percent of~~ the combined tax rate under section 297A.62, multiplied by the weighted average retail price and must be expressed in cents per pack rounded to the nearest one-tenth of a cent. The weighted average retail price must be determined annually, with new rates published by November 1, and effective for sales on or after January 1 of the following year. The weighted average retail price must be established by surveying cigarette retailers statewide in a manner and time determined by the commissioner. The commissioner shall make an inflation adjustment in accordance with the Consumer Price Index for all urban consumers inflation indicator as published in the most recent state budget forecast. The commissioner shall use the inflation factor for the calendar year in which the new tax rate takes effect. If the survey indicates that the average retail price of cigarettes has not increased relative to the average retail price in the previous year's survey, then the commissioner shall not make an inflation adjustment. The determination of the commissioner pursuant to this subdivision is not a "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. For packs of cigarettes with other than 20 cigarettes, the tax must be adjusted proportionally.

(b) Notwithstanding paragraph (a), and in lieu of a survey of cigarette retailers, the tax calculation of the weighted average retail price for the sales of cigarettes from August 1, 2011, through December 31, 2011, shall be calculated by: (1) increasing the average retail price per pack of 20 cigarettes from the most recent survey by the percentage change in a weighted average of the presumed legal prices for cigarettes during the year after completion of that survey, as reported and published by the Department of Commerce under section 325D.371; (2) subtracting the sales tax included in the retail price; and (3) adjusting for expected inflation. The rate must be published by May 1 and is effective for sales after July 31. If the weighted average of the presumed legal prices indicates that the average retail price of cigarettes has not increased relative to the average retail price in the

57.1 most recent survey, then no inflation adjustment must be made. For packs of cigarettes
 57.2 with other than 20 cigarettes, the tax must be adjusted proportionally.

57.3 **EFFECTIVE DATE.** This section is effective July 1, 2013.

57.4 Sec. 12. Minnesota Statutes 2012, section 297G.03, subdivision 1, is amended to read:

57.5 Subdivision 1. **General rate; distilled spirits and wine.** The following excise tax is
 57.6 imposed on all distilled spirits and wine manufactured, imported, sold, or possessed in
 57.7 this state:

		Standard	Metric
57.8			
57.9	(a) Distilled spirits, liqueurs, cordials,	\$ 5.03	\$ 1.33
57.10	and specialties regardless of alcohol	<u>11.02</u> per gallon	<u>2.91</u> per liter
57.11	content (excluding ethyl alcohol)		
57.12	(b) Wine containing 14 percent or less	\$.30	\$.08
57.13	alcohol by volume (except cider as	<u>2.08</u> per gallon	<u>.55</u> per liter
57.14	defined in section 297G.01, subdivision		
57.15	3a)		
57.16	(c) Wine containing more than 14	\$.95	\$.25
57.17	percent but not more than 21 percent	<u>2.73</u> per gallon	<u>.72</u> per liter
57.18	alcohol by volume		
57.19	(d) Wine containing more than 21	\$ 1.82	\$.48
57.20	percent but not more than 24 percent	<u>3.64</u> per gallon	<u>.97</u> per liter
57.21	alcohol by volume		
57.22	(e) Wine containing more than 24	\$ 3.52	\$.93
57.23	percent alcohol by volume	<u>5.34</u> per gallon	<u>1.42</u> per liter
57.24	(f) Natural and artificial sparkling wines	\$ 1.82	\$.48
57.25	containing alcohol	<u>3.60</u> per gallon	<u>.95</u> per liter
57.26	(g) Cider as defined in section 297G.01,	\$.15	\$.04
57.27	subdivision 3a	<u>1.93</u> per gallon	<u>.51</u> per liter
57.28	(h) Low-alcohol dairy cocktails	\$.08	\$.02
57.29		<u>1.36</u> per gallon	<u>.36</u> per liter

57.30 In computing the tax on a package of distilled spirits or wine, a proportional tax at a
 57.31 like rate on all fractional parts of a gallon or liter must be paid, except that the tax on a
 57.32 fractional part of a gallon less than 1/16 of a gallon is the same as for 1/16 of a gallon.

57.33 **EFFECTIVE DATE.** This section is effective July 1, 2013.

57.34 Sec. 13. Minnesota Statutes 2012, section 297G.03, is amended by adding a
 57.35 subdivision to read:

57.36 **Subd. 5. Small winery credit.** (a) A qualified winery is entitled to a tax credit of
 57.37 \$2.08 per gallon on 50,000 gallons sold in any fiscal year beginning July 1. Qualified
 57.38 wineries may take the credit on the 18th day of each month, but the total credit allowed
 57.39 may not exceed in any fiscal year the lesser of:

58.1 (1) the liability for tax; or

58.2 (2) \$104,000.

58.3 (b) For purposes of this subdivision, a "qualified winery" means a winery, whether
58.4 or not located in this state, producing less than 100,000 gallons of wine in the calendar
58.5 year immediately preceding the calendar year for which the credit under this subdivision
58.6 is claimed. In determining the number of gallons, all brands or labels of a winery must
58.7 be combined. All facilities for the production of wine owned or controlled by the same
58.8 person, corporation, or other entity must be treated as a single winery.

58.9 **EFFECTIVE DATE.** This section is effective July 1, 2013.

58.10 Sec. 14. Minnesota Statutes 2012, section 297G.04, is amended to read:

58.11 **297G.04 FERMENTED MALT BEVERAGES; RATE OF TAX.**

58.12 Subdivision 1. **Tax imposed.** The following excise tax is imposed on all fermented
58.13 malt beverages that are imported, directly or indirectly sold, or possessed in this state:

58.14 (1) on fermented malt beverages containing not more than 3.2 percent alcohol by
58.15 weight, ~~\$2.40~~ \$25.55 per 31-gallon barrel; and

58.16 (2) on fermented malt beverages containing more than 3.2 percent alcohol by
58.17 weight, ~~\$4.60~~ \$27.75 per 31-gallon barrel.

58.18 For fractions of a 31-gallon barrel, the tax rate is calculated proportionally.

58.19 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages is
58.20 entitled to a tax credit of ~~\$4.60~~ \$21.13 per barrel on ~~25,000~~ 50,000 barrels sold in any
58.21 fiscal year beginning July 1, regardless of the alcohol content of the product. Qualified
58.22 brewers may take the credit on the 18th day of each month, but the total credit allowed
58.23 may not exceed in any fiscal year the lesser of:

58.24 (1) the liability for tax; or

58.25 (2) ~~\$115,000~~ \$1,056,500.

58.26 For purposes of this subdivision, a "qualified brewer" means a brewer, whether or
58.27 not located in this state, manufacturing less than ~~100,000~~ 200,000 barrels of fermented
58.28 malt beverages in the calendar year immediately preceding the calendar year for which
58.29 the credit under this subdivision is claimed. In determining the number of barrels, all
58.30 brands or labels of a brewer must be combined. All facilities for the manufacture of
58.31 fermented malt beverages owned or controlled by the same person, corporation, or other
58.32 entity must be treated as a single brewer.

58.33 **EFFECTIVE DATE.** This section is effective July 1, 2013.

59.1 Sec. 15. Minnesota Statutes 2012, section 325D.32, subdivision 2, is amended to read:

59.2 Subd. 2. **Cigarettes.** "Cigarettes" means and includes any roll for smoking, made
59.3 wholly or in part of tobacco, irrespective of size and shape and whether or not such
59.4 tobacco is flavored, adulterated or mixed with any other ingredient, the wrapper or cover
59.5 of which is made of paper or any other substance or material except whole tobacco leaf,
59.6 and includes any cigarette as defined in section 297F.01, subdivision 3.

59.7 **EFFECTIVE DATE.** This section is effective July 1, 2013.

59.8 Sec. 16. **FLOOR STOCKS TAX.**

59.9 Subdivision 1. **Cigarettes.** (a) A floor stocks tax is imposed on every person
59.10 engaged in the business in this state as a distributor, retailer, subjobber, vendor,
59.11 manufacturer, or manufacturer's representative of cigarettes, on the stamped cigarettes and
59.12 unaffixed stamps in the person's possession or under the person's control at 12:01 a.m. on
59.13 July 1, 2013. The tax is imposed at the rate of 80 mills on each cigarette.

59.14 (b) Each distributor, on or before July 11, 2013, shall file a return with the
59.15 commissioner of revenue, in the form the commissioner prescribes, showing the stamped
59.16 cigarettes and unaffixed stamps on hand at 12:01 a.m. on July 1, 2013, and the amount
59.17 of tax due on the cigarettes and unaffixed stamps. Each retailer, subjobber, vendor,
59.18 manufacturer, or manufacturer's representative, on or before July 11, 2013, shall file
59.19 a return with the commissioner, in the form the commissioner prescribes, showing the
59.20 cigarettes on hand at 12:01 a.m. on July 1, 2013, and the amount of tax due on the
59.21 cigarettes. The tax imposed by this section is due and payable on or before August 8,
59.22 2013, and after that date bears interest at the rate of one percent per month.

59.23 Subd. 2. **Audit and enforcement.** The tax imposed by this section is subject to
59.24 the audit, assessment, interest, appeal, refund, penalty, enforcement, administrative, and
59.25 collection provisions of Minnesota Statutes, chapters 270C and 297F. The commissioner
59.26 of revenue may require a distributor to receive and maintain copies of floor stocks fee
59.27 returns filed by all persons requesting a credit for returned cigarettes.

59.28 Subd. 3. **Deposit of proceeds.** The commissioner of revenue shall deposit the
59.29 revenues from the tax under this section in the state treasury and credit them to the
59.30 general fund.

59.31 **EFFECTIVE DATE.** This section is effective July 1, 2013.

59.32 Sec. 17. **INTERIM SALES TAX RATE.**

Notwithstanding the provisions of Minnesota Statutes, section 297F.25, the commissioner shall adjust the weighted average retail price in section 297F.25, subdivision 1, on July 1, 2013, to reflect the price changes under this act. This weighted average shall be used to compute cigarette sales tax under Minnesota Statutes, section 297F.25, subdivision 1, until December 31, 2013, when the commissioner shall resume annual adjustments to the weighted average sales price. The commissioner's determination of the adjustment that takes effect on January 1, 2014, must be limited to the change in the weighted average retail that occurs during calendar year 2013 but after July 15, 2013.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 18. **TOBACCO TAX COLLECTION REPORT.**

Subdivision 1. **Report to legislature.** (a) The commissioner of revenue shall report to the 2014 legislature on the tobacco tax collection system, including recommendations to improve compliance under the excise tax for both cigarettes and other tobacco products. The purpose of the report is to provide information and guidance to the legislature on improvements to the tobacco tax collection system to:

(1) provide a unified system of collecting both the cigarette and other tobacco taxes, regardless of category, size, or shape, that ensures the highest reasonable rates of tax collection;

(2) discourage tax evasion; and

(3) help to prevent illegal sale of tobacco products, which may make these products more accessible to youth.

(b) In the report, the commissioner shall:

(1) provide a detailed review of the present excise tax collection and compliance system as it applies to both cigarettes and other tobacco products. This must include an assessment of the levels of compliance for each category of products and the effect of the stamping requirement on compliance for each category of products and the effect of the stamping requirement on compliance rates for cigarettes relative to other tobacco products. It also must identify any weaknesses in the system;

(2) survey the methods of collection and enforcement used by other states or nations, including identifying and discussing emerging best practices that ensure tracking of both cigarettes and other tobacco products and result in the highest rates of tax collection and compliance. These best practices must consider high-technology alternatives, such as use of bar codes, radio-frequency identification tags, or similar mechanisms for tracking compliance;

61.1 (3) evaluate the adequacy and effectiveness of the existing penalties and other
61.2 sanctions for noncompliance;
61.3 (4) evaluate the adequacy of the resources allocated by the state to enforce the
61.4 tobacco tax and prevention laws; and
61.5 (5) make recommendations on implementation of a comprehensive tobacco tax
61.6 collection system for Minnesota that can be implemented by January 1, 2014, including:
61.7 (i) recommendations on the specific steps needed to institute and implement the new
61.8 system, including estimates of the state's costs of doing so and any additional personnel
61.9 requirements;
61.10 (ii) recommendations on methods to recover the cost of implementing the system
61.11 from the industry;
61.12 (iii) evaluation of the extent to which the proposed system is sufficiently flexible
61.13 and adaptable to adjust to modifications in the construction, packaging, formatting, and
61.14 marketing of tobacco products by the industry; and
61.15 (iv) recommendations to modify existing penalties or to impose new penalties or
61.16 other sanctions to ensure compliance with the system.

61.17 Subd. 2. **Due date.** The report required by subdivision 1 is due January 1, 2014.

61.18 Subd. 3. **Procedure.** The report required under this section must be made in the
61.19 manner provided under Minnesota Statutes, section 3.195. In addition, copies must be
61.20 provided to the chairs and ranking minority members of the legislative committees and
61.21 divisions with jurisdiction over taxation.

61.22 Subd. 4. **Appropriation.** (a) \$100,000 is appropriated from the general fund to the
61.23 commissioner of revenue for fiscal year 2014 for the cost of preparing the report under
61.24 subdivision 1.

61.25 (b) The appropriation under this subdivision is a onetime appropriation and is not
61.26 included in the base budget.

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

61.28 Sec. 19. **REPEALER.**

61.29 Minnesota Statutes 2012, sections 16A.725; and 256.9658, are repealed.

61.30 **EFFECTIVE DATE.** This section is effective July 1, 2013.

62.1 **ARTICLE 6**

62.2 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

62.3 Section 1. Minnesota Statutes 2012, section 116J.8737, subdivision 1, is amended to
62.4 read:

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

62.7 (b) "Qualified small business" means a business that has been certified by the
62.8 commissioner under subdivision 2.

62.9 (c) "Qualified investor" means an investor who has been certified by the
62.10 commissioner under subdivision 3.

62.11 (d) "Qualified fund" means a pooled angel investment network fund that has been
62.12 certified by the commissioner under subdivision 4.

62.13 (e) "Qualified investment" means a cash investment in a qualified small business
62.14 of a minimum of:

62.15 (1) \$10,000 in a calendar year by a qualified investor; or

62.16 (2) \$30,000 in a calendar year by a qualified fund.

62.17 A qualified investment must be made in exchange for common stock, a partnership
62.18 or membership interest, preferred stock, debt with mandatory conversion to equity, or an
62.19 equivalent ownership interest as determined by the commissioner.

62.20 (f) "Family" means a family member within the meaning of the Internal Revenue
62.21 Code, section 267(c)(4).

62.22 (g) "Pass-through entity" means a corporation that for the applicable taxable year is
62.23 treated as an S corporation or a general partnership, limited partnership, limited liability
62.24 partnership, trust, or limited liability company and which for the applicable taxable year is
62.25 not taxed as a corporation under chapter 290.

62.26 (h) "Intern" means a student of an accredited institution of higher education, or a
62.27 former student who has graduated in the past six months from an accredited institution
62.28 of higher education, who is employed by a qualified small business in a nonpermanent
62.29 position for a duration of nine months or less that provides training and experience in the
62.30 primary business activity of the business.

62.31 (i) "Liquidation event" means a conversion of qualified investment for cash, cash
62.32 and other consideration, or any other form of equity or debt interest.

62.33 **EFFECTIVE DATE.** This section is effective for qualified small businesses
62.34 certified after June 30, 2013.

63.1 Sec. 2. Minnesota Statutes 2012, section 116J.8737, subdivision 2, is amended to read:

63.2 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
63.3 to the commissioner for certification as a qualified small business for a calendar year.
63.4 The application must be in the form and be made under the procedures specified by the
63.5 commissioner, accompanied by an application fee of \$150. Application fees are deposited
63.6 in the small business investment tax credit administration account in the special revenue
63.7 fund. The application for certification for 2010 must be made available on the department's
63.8 Web site by August 1, 2010. Applications for subsequent years' certification must be made
63.9 available on the department's Web site by November 1 of the preceding year.

63.10 (b) Within 30 days of receiving an application for certification under this subdivision,
63.11 the commissioner must either certify the business as satisfying the conditions required of a
63.12 qualified small business, request additional information from the business, or reject the
63.13 application for certification. If the commissioner requests additional information from the
63.14 business, the commissioner must either certify the business or reject the application within
63.15 30 days of receiving the additional information. If the commissioner neither certifies the
63.16 business nor rejects the application within 30 days of receiving the original application or
63.17 within 30 days of receiving the additional information requested, whichever is later, then
63.18 the application is deemed rejected, and the commissioner must refund the \$150 application
63.19 fee. A business that applies for certification and is rejected may reapply.

63.20 (c) To receive certification, a business must satisfy all of the following conditions:

63.21 (1) the business has its headquarters in Minnesota;

63.22 (2) at least 51 percent of the business's employees are employed in Minnesota, and
63.23 51 percent of the business's total payroll is paid or incurred in the state;

63.24 (3) the business is engaged in, or is committed to engage in, innovation in Minnesota
63.25 in one of the following as its primary business activity:

63.26 (i) using proprietary technology to add value to a product, process, or service in a
63.27 qualified high-technology field;

63.28 (ii) researching or developing a proprietary product, process, or service in a qualified
63.29 high-technology field; or

63.30 (iii) researching, developing, or producing a new proprietary technology for use in
63.31 the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

63.32 (4) other than the activities specifically listed in clause (3), the business is not
63.33 engaged in real estate development, insurance, banking, lending, lobbying, political
63.34 consulting, information technology consulting, wholesale or retail trade, leisure,
63.35 hospitality, transportation, construction, ethanol production from corn, or professional

64.1 services provided by attorneys, accountants, business consultants, physicians, or health
64.2 care consultants;

64.3 (5) the business has fewer than 25 employees;

64.4 (6) the business must pay its employees annual wages of at least 175 percent of the
64.5 federal poverty guideline for the year for a family of four and must pay its interns annual
64.6 wages of at least 175 percent of the federal minimum wage used for federally covered
64.7 employers, except that this requirement must be reduced proportionately for employees
64.8 and interns who work less than full-time, and does not apply to an executive, officer, or
64.9 member of the board of the business, or to any employee who owns, controls, or holds
64.10 power to vote more than 20 percent of the outstanding securities of the business;

64.11 (7) the business has (i) not been in operation for more than ten years, or (ii) the
64.12 business has not been in operation for more than 20 years if the business is engaged
64.13 in the research, development, or production of medical devices or pharmaceuticals for
64.14 which United States Food and Drug Administration approval is required for use in the
64.15 treatment or diagnosis of a disease or condition;

64.16 (8) the business has not previously received private equity investments of more
64.17 than \$4,000,000; ~~and~~

64.18 (9) the business is not an entity disqualified under section 80A.50, paragraph (b),
64.19 clause (3); ~~and~~

64.20 (10) the business has not issued securities that are traded on a public exchange.

64.21 (d) In applying the limit under paragraph (c), clause (5), the employees in all members
64.22 of the unitary business, as defined in section 290.17, subdivision 4, must be included.

64.23 (e) In order for a qualified investment in a business to be eligible for tax credits;

64.24 (1) the business must have applied for and received certification for the calendar
64.25 year in which the investment was made prior to the date on which the qualified investment
64.26 was made;

64.27 (2) the business must not have issued securities that are traded on a public exchange;

64.28 (3) the business must not issue securities that are traded on a public exchange within
64.29 180 days after the date on which the qualified investment was made; and

64.30 (4) the business must not have a liquidation event within 180 days after the date on
64.31 which the qualified investment was made.

64.32 (f) The commissioner must maintain a list of businesses certified under this
64.33 subdivision for the calendar year and make the list accessible to the public on the
64.34 department's Web site.

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

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields; and

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted.

EFFECTIVE DATE. This section is effective for qualified small businesses certified after June 30, 2013, except the amendments to paragraph (c), clause (7), are effective the day following final enactment.

Sec. 3. Minnesota Statutes 2012, section 116J.8737, subdivision 8, is amended to read:

Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on individuals, as defined in section 13.02, subdivision 9 or 12, except that the following data items are public:

(1) the name, mailing address, telephone number, e-mail address, contact person's name, and industry type of a qualified small business upon approval of the application and certification by the commissioner under subdivision 2;

(2) the name of a qualified investor upon approval of the application and certification by the commissioner under subdivision 3;

(3) the name of a qualified fund upon approval of the application and certification by the commissioner under subdivision 4;

(4) for credit certificates issued under subdivision 5, the amount of the credit certificate issued, amount of the qualifying investment, the name of the qualifying investor or qualifying fund that received the certificate, and the name of the qualifying small business in which the qualifying investment was made;

(5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and the name of the qualified investor or qualified fund; and

(6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount revoked and the name of the qualified small business.

(b) The following data, including data classified as nonpublic or private, must be provided to the consultant for use in conducting the program evaluation under subdivision 10:

(1) the commissioner of employment and economic development shall provide data contained in an application for certification received from a qualified small business, qualified investor, or qualified fund, and any annual reporting information received on a qualified small business, qualified investor, or qualified fund; and

(2) the commissioner of revenue shall provide data contained in any applicable tax returns of a qualified small business, qualified investor, or qualified fund.

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

Sec. 4. Minnesota Statutes 2012, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through April 14, 2011 ~~and January 3, 2013.~~

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

Sec. 5. Minnesota Statutes 2012, section 289A.08, subdivision 1, is amended to read:

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

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

(2) an individual who is a Minnesota resident is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under section 290.17, less the subtraction allowed under section 290.01, subdivision 19b, clauses (9) and (11) ~~and (14)~~, is less than the filing requirements for a single individual who is a full-year resident of Minnesota.

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

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

67.3 Sec. 6. Minnesota Statutes 2012, section 289A.08, subdivision 3, is amended to read:

67.4 Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to
67.5 tax under section 290.014, subdivision 5, must file a return, ~~except that a foreign operating~~
67.6 ~~corporation as defined in section 290.01, subdivision 6b, is not required to file a return.~~

67.7 (b) Members of a unitary business that are required to file a combined report on one
67.8 return must designate a member of the unitary business to be responsible for tax matters,
67.9 including the filing of returns, the payment of taxes, additions to tax, penalties, interest,
67.10 or any other payment, and for the receipt of refunds of taxes or interest paid in excess of
67.11 taxes lawfully due. The designated member must be a member of the unitary business that
67.12 is filing the single combined report and either:

67.13 (1) a corporation that is subject to the taxes imposed by chapter 290; or

67.14 (2) a corporation that is not subject to the taxes imposed by chapter 290:

67.15 (i) Such corporation consents by filing the return as a designated member under this
67.16 clause to remit taxes, penalties, interest, or additions to tax due from the members of the
67.17 unitary business subject to tax, and receive refunds or other payments on behalf of other
67.18 members of the unitary business. The member designated under this clause is a "taxpayer"
67.19 for the purposes of this chapter and chapter 270C, and is liable for any liability imposed
67.20 on the unitary business under this chapter and chapter 290.

67.21 (ii) If the state does not otherwise have the jurisdiction to tax the member designated
67.22 under this clause, consenting to be the designated member does not create the jurisdiction
67.23 to impose tax on the designated member, other than as described in item (i).

67.24 (iii) The member designated under this clause must apply for a business tax account
67.25 identification number.

67.26 (c) The commissioner shall adopt rules for the filing of one return on behalf of the
67.27 members of an affiliated group of corporations that are required to file a combined report.
67.28 All members of an affiliated group that are required to file a combined report must file one
67.29 return on behalf of the members of the group under rules adopted by the commissioner.

67.30 (d) If a corporation claims on a return that it has paid tax in excess of the amount of
67.31 taxes lawfully due, that corporation must include on that return information necessary for
67.32 payment of the tax in excess of the amount lawfully due by electronic means.

67.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
67.34 December 31, 2012.

68.1 Sec. 7. Minnesota Statutes 2012, section 289A.08, subdivision 7, is amended to read:

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

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

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

68.16 (d) The electing partner must not have any Minnesota source income other than the
68.17 income from the partnership and other electing partnerships. If it is determined that the
68.18 electing partner has other Minnesota source income, the inclusion of the income and tax
68.19 liability for that partner under this provision will not constitute a return to satisfy the
68.20 requirements of subdivision 1. The tax paid for the individual as part of the composite return
68.21 is allowed as a payment of the tax by the individual on the date on which the composite
68.22 return payment was made. If the electing nonresident partner has no other Minnesota
68.23 source income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.01, subdivision 19a, clauses (6) to ~~(10)~~ (11), and the subtractions provided in: (i) section 290.01, subdivision 19b, clause (8), to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (ii) section 290.01, subdivision 19b, clause (13). The subtraction allowed under section 290.01, subdivision 19b, clause (8), is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

Sec. 8. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation means a corporation:

(1) created or organized in the United States, or under the laws of the United States or of any state, the District of Columbia, or any political subdivision of any of the foregoing but not including the Commonwealth of Puerto Rico, or any possession of the United States;

~~(2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue Code; or~~

~~(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.~~

(2) which, regardless of the place where the corporation was incorporated:

(i) has the average of its property, payroll, and sales factors, as defined under section 290.191, within the territorial limits of the 50 states of the United States and the District of Columbia of 20 percent or more; or

(ii) derives less than 80 percent of its income from foreign sources;

(3) which is:

(i) a foreign corporation, foreign partnership, or other foreign entity that has its income included in the federal taxable income, as defined in section 63 of the Internal Revenue Code, of an entity as defined in clause (1) or an individual who is a United States resident, as defined in section 865(g) of the Internal Revenue Code; and

(ii) not treated as a corporation for federal income tax purposes;

70.1 (4) which is incorporated in a tax haven; or
70.2 (5) which is engaged in activity in a tax haven sufficient for the tax haven to impose a
70.3 net income tax under United States constitutional standards and section 290.015, and which
70.4 reports that 20 percent or more of its income is attributable to business in the tax haven.

70.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
70.6 December 31, 2012.

70.7 Sec. 9. Minnesota Statutes 2012, section 290.01, is amended by adding a subdivision
70.8 to read:

70.9 Subd. 5c. **Tax haven.** (a) "Tax haven" means the following foreign jurisdictions,
70.10 unless the listing of the jurisdiction does not apply under paragraph (b):

- 70.11 (1) Anguilla;
- 70.12 (2) Antigua and Barbuda;
- 70.13 (3) Aruba;
- 70.14 (4) Bahamas;
- 70.15 (5) Bahrain;
- 70.16 (6) Belize;
- 70.17 (7) Bermuda;
- 70.18 (8) British Virgin Islands;
- 70.19 (9) Cayman Islands;
- 70.20 (10) Cook Islands;
- 70.21 (11) Costa Rica;
- 70.22 (12) Cyprus;
- 70.23 (13) Dominica;
- 70.24 (14) Gibraltar;
- 70.25 (15) Grenada;
- 70.26 (16) Guernsey-Sark-Alderney;
- 70.27 (17) Isle of Man;
- 70.28 (18) Jersey;
- 70.29 (19) Jordan;
- 70.30 (20) Lebanon;
- 70.31 (21) Liberia;
- 70.32 (22) Liechtenstein;
- 70.33 (23) Malta;
- 70.34 (24) Marshall Islands;
- 70.35 (25) Monaco;

- 71.1 (26) Nauru;
- 71.2 (27) Netherlands Antilles;
- 71.3 (28) Niue;
- 71.4 (29) Panama;
- 71.5 (30) St. Kitts and Nevis;
- 71.6 (31) St. Lucia;
- 71.7 (32) St. Vincent and Grenadines;
- 71.8 (33) Samoa;
- 71.9 (34) Turks and Caicos; and
- 71.10 (35) Vanuatu.

71.11 (b) A foreign jurisdiction's listing under paragraph (a) does not apply to the first
 71.12 taxable year after:

71.13 (1) the United States enters into a tax treaty or other agreement with the foreign
 71.14 jurisdiction that provides for prompt, obligatory, and automatic exchange of information
 71.15 with the United States government relevant to enforcing the provisions of federal tax laws
 71.16 applicable to both individuals and all corporations and other entities and the treaty or other
 71.17 agreement was in effect for the taxable year; and

71.18 (2) the foreign jurisdiction imposes a tax rate of at least ten percent on a tax base
 71.19 equal to at least 90 percent of the tax base that applies to corporations under the Internal
 71.20 Revenue Code.

71.21 **EFFECTIVE DATE.** This section is effective for returns filed for taxable years
 71.22 beginning after December 31, 2012.

71.23 Sec. 10. Minnesota Statutes 2012, section 290.01, subdivision 19, as amended by Laws
 71.24 2013, chapter 3, section 3, is amended to read:

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

71.31 In the case of a regulated investment company or a fund thereof, as defined in section
 71.32 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
 71.33 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
 71.34 except that:

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

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

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

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

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

The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ January 3, 2013, shall be in effect for taxable years beginning after December 31, 1996, ~~and before January 1, 2012, and for taxable years beginning after December 31, 2012.~~ The Internal Revenue Code of 1986, as amended through January 3, 2013, is in effect for taxable years beginning after ~~December 31, 2011, and before January 1, 2013.~~

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

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

Sec. 11. Minnesota Statutes 2012, section 290.01, subdivision 19a, is amended to read:

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

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

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

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

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

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

(2) to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code the amount of:

(i) income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter ~~and the amount of:~~

(ii) taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, ~~to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code;~~

(iii) charitable contributions, as defined in section 170(c) of the Internal Revenue Code, to the extent allowed as a deduction under section 170(a) of the Internal Revenue Code.

~~but The addition sum of the additions under items (i) to (iii) may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code state itemized deduction exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(e)(1)(C) and 63(e)(1)(E) of the Internal Revenue Code, minus any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed. For purposes of this clause, income, sales and use, and charitable contributions are the last itemized deductions disallowed under clause (13);~~

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

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

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

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

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

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

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

~~(10) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;~~

~~(11) (10) the amount of expenses disallowed under section 290.10, subdivision 2;~~

~~(12) for taxable years beginning before January 1, 2010, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;~~

~~(13) for taxable years beginning before January 1, 2010, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;~~

~~(14) the additional standard deduction for property taxes payable that is allowable under section 63(c)(1)(C) of the Internal Revenue Code;~~

75.1 ~~(15) the additional standard deduction for qualified motor vehicle sales taxes~~
75.2 ~~allowable under section 63(c)(1)(E) of the Internal Revenue Code;~~

75.3 ~~(16) (11) discharge of indebtedness income resulting from reacquisition of business~~
75.4 ~~indebtedness and deferred under section 108(i) of the Internal Revenue Code;~~

75.5 ~~(17) the amount of unemployment compensation exempt from tax under section~~
75.6 ~~85(e) of the Internal Revenue Code;~~

75.7 ~~(18) (12) changes to federal taxable income attributable to a net operating loss that~~
75.8 ~~the taxpayer elected to carry back for more than two years for federal purposes but for~~
75.9 ~~which the losses can be carried back for only two years under section 290.095, subdivision~~
75.10 ~~11, paragraph (c);~~

75.11 ~~(19) (13) to the extent included in the computation of federal taxable income in~~
75.12 ~~taxable years beginning after December 31, 2010, the amount of disallowed itemized~~
75.13 ~~deductions, but the amount of disallowed itemized deductions plus the addition required~~
75.14 ~~under clause (2) may not be more than the amount by which the itemized deductions as~~
75.15 ~~allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the~~
75.16 ~~standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding~~
75.17 ~~the amounts allowed under sections 63(e)(1)(C) and 63(e)(1)(E) of the Internal Revenue~~
75.18 ~~Code, and reduced by any addition that would have been required under clause (21) if the~~
75.19 ~~taxpayer had claimed the standard deduction:~~

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

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

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

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

75.28 (A) such dollar amount, multiplied by

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

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

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

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

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

~~(20)~~ (14) to the extent included in federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the dollar amount of the personal exemptions claimed by the taxpayer in the computation of federal taxable income multiplied by the applicable percentage;

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

(iii) the term "threshold amount" means:

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

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

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

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

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

(A) such dollar amount, multiplied by

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

~~(21) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, 2013, the difference between the standard deduction allowed under section 63(c) of the Internal Revenue Code and the standard deduction allowed for 2011 and 2012 under the Internal Revenue Code as amended through December 1, 2010.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 12. Minnesota Statutes 2012, section 290.01, subdivision 19b, is amended to read:

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

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

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

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

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

~~(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable~~

as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

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

~~(8)~~ (6) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause ~~(15)~~ (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause ~~(15)~~ (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

~~(9)~~ (7) job opportunity building zone income as provided under section 469.316;

~~(10)~~ (8) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, but "active service" excludes service performed in accordance with section 190.08, subdivision 3;

~~(11)~~ (9) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

~~(12)~~ (10) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human

organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

~~(13)~~ (11) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause ~~(16)~~ (13), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause ~~(16)~~ (13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

~~(14)~~ (12) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

~~(15)~~ (13) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

~~(16)~~ (14) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause ~~(16)~~ (11); and

~~(17)~~ (15) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c);₂

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

(17) the amount of the phase-out of personal exemptions under section 151(d) of the Internal Revenue Code; and

(18) in the year that the expenditures are made for railroad track maintenance, as defined in section 45G(d) of the Internal Revenue Code, in the case of a shareholder of a

80.1 corporation that is an S corporation or a partner in a partnership, an amount equal to the
 80.2 credit awarded under section 45G(a) of the Internal Revenue Code. The subtraction is
 80.3 reduced to an amount equal to the percentage of the shareholder's or partner's share of the
 80.4 net income of the S corporation or partnership.

80.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 80.6 December 31, 2012.

80.7 Sec. 13. Minnesota Statutes 2012, section 290.01, subdivision 19c, is amended to read:

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

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

80.15 (2) interest not subject to federal tax upon obligations of: the United States, its
 80.16 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
 80.17 state, any of its political or governmental subdivisions, any of its municipalities, or any
 80.18 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
 80.19 tribal governments;

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

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

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

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

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

80.31 ~~(8) the exempt foreign trade income of a foreign sales corporation under sections~~
 80.32 ~~921(a) and 291 of the Internal Revenue Code;~~

80.33 ~~(9)~~ (8) the amount of percentage depletion deducted under sections 611 through
 80.34 614 and 291 of the Internal Revenue Code;

81.1 ~~(10)~~ (9) for certified pollution control facilities placed in service in a taxable year
81.2 beginning before December 31, 1986, and for which amortization deductions were elected
81.3 under section 169 of the Internal Revenue Code of 1954, as amended through December
81.4 31, 1985, the amount of the amortization deduction allowed in computing federal taxable
81.5 income for those facilities;

81.6 ~~(11) the amount of any deemed dividend from a foreign operating corporation~~
81.7 ~~determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend~~
81.8 ~~shall be reduced by the amount of the addition to income required by clauses (20), (21),~~
81.9 ~~(22), and (23);~~

81.10 ~~(12)~~ (10) the amount of a partner's pro rata share of net income which does not flow
81.11 through to the partner because the partnership elected to pay the tax on the income under
81.12 section 6242(a)(2) of the Internal Revenue Code;

81.13 ~~(13) the amount of net income excluded under section 114 of the Internal Revenue~~
81.14 ~~Code;~~

81.15 ~~(14)~~ (11) any increase in subpart F income, as defined in section 952(a) of the
81.16 Internal Revenue Code, for the taxable year when subpart F income is calculated without
81.17 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

81.18 ~~(15)~~ (12) 80 percent of the depreciation deduction allowed under section
81.19 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if
81.20 the taxpayer has an activity that in the taxable year generates a deduction for depreciation
81.21 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable
81.22 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation
81.23 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess
81.24 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)
81.25 over the amount of the loss from the activity that is not allowed in the taxable year. In
81.26 succeeding taxable years when the losses not allowed in the taxable year are allowed, the
81.27 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

81.28 ~~(16)~~ (13) 80 percent of the amount by which the deduction allowed by section 179 of
81.29 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
81.30 Revenue Code of 1986, as amended through December 31, 2003;

81.31 ~~(17)~~ (14) to the extent deducted in computing federal taxable income, the amount of
81.32 the deduction allowable under section 199 of the Internal Revenue Code;

81.33 ~~(18) for taxable years beginning before January 1, 2013, the exclusion allowed under~~
81.34 ~~section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;~~

81.35 ~~(19)~~ (15) the amount of expenses disallowed under section 290.10, subdivision 2; and

82.1 ~~(20) an amount equal to the interest and intangible expenses, losses, and costs paid,~~
 82.2 ~~accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit~~
 82.3 ~~of a corporation that is a member of the taxpayer's unitary business group that qualifies~~
 82.4 ~~as a foreign operating corporation. For purposes of this clause, intangible expenses and~~
 82.5 ~~costs include:~~

82.6 ~~(i) expenses, losses, and costs for, or related to, the direct or indirect acquisition,~~
 82.7 ~~use, maintenance or management, ownership, sale, exchange, or any other disposition of~~
 82.8 ~~intangible property;~~

82.9 ~~(ii) losses incurred, directly or indirectly, from factoring transactions or discounting~~
 82.10 ~~transactions;~~

82.11 ~~(iii) royalty, patent, technical, and copyright fees;~~

82.12 ~~(iv) licensing fees; and~~

82.13 ~~(v) other similar expenses and costs.~~

82.14 ~~For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent~~
 82.15 ~~applications, trade names, trademarks, service marks, copyrights, mask works, trade~~
 82.16 ~~secrets, and similar types of intangible assets.~~

82.17 ~~This clause does not apply to any item of interest or intangible expenses or costs paid,~~
 82.18 ~~accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect~~
 82.19 ~~to such item of income to the extent that the income to the foreign operating corporation~~
 82.20 ~~is income from sources without the United States as defined in subtitle A, chapter 1,~~
 82.21 ~~subchapter N, part 1, of the Internal Revenue Code;~~

82.22 ~~(21) except as already included in the taxpayer's taxable income pursuant to clause~~
 82.23 ~~(20), any interest income and income generated from intangible property received or~~
 82.24 ~~accrued by a foreign operating corporation that is a member of the taxpayer's unitary~~
 82.25 ~~group. For purposes of this clause, income generated from intangible property includes:~~

82.26 ~~(i) income related to the direct or indirect acquisition, use, maintenance or~~
 82.27 ~~management, ownership, sale, exchange, or any other disposition of intangible property;~~

82.28 ~~(ii) income from factoring transactions or discounting transactions;~~

82.29 ~~(iii) royalty, patent, technical, and copyright fees;~~

82.30 ~~(iv) licensing fees; and~~

82.31 ~~(v) other similar income.~~

82.32 ~~For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent~~
 82.33 ~~applications, trade names, trademarks, service marks, copyrights, mask works, trade~~
 82.34 ~~secrets, and similar types of intangible assets.~~

82.35 ~~This clause does not apply to any item of interest or intangible income received or accrued~~
 82.36 ~~by a foreign operating corporation with respect to such item of income to the extent that~~

83.1 ~~the income is income from sources without the United States as defined in subtitle A,~~
 83.2 ~~chapter 1, subchapter N, part 1, of the Internal Revenue Code;~~

83.3 ~~(22) the dividends attributable to the income of a foreign operating corporation that~~
 83.4 ~~is a member of the taxpayer's unitary group in an amount that is equal to the dividends~~
 83.5 ~~paid deduction of a real estate investment trust under section 561(a) of the Internal~~
 83.6 ~~Revenue Code for amounts paid or accrued by the real estate investment trust to the~~
 83.7 ~~foreign operating corporation;~~

83.8 ~~(23) the income of a foreign operating corporation that is a member of the taxpayer's~~
 83.9 ~~unitary group in an amount that is equal to gains derived from the sale of real or personal~~
 83.10 ~~property located in the United States;~~

83.11 ~~(24) for taxable years beginning before January 1, 2010, the additional amount~~
 83.12 ~~allowed as a deduction for donation of computer technology and equipment under section~~
 83.13 ~~170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and~~

83.14 ~~(25) (16) discharge of indebtedness income resulting from reacquisition of business~~
 83.15 ~~indebtedness and deferred under section 108(i) of the Internal Revenue Code.~~

83.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 83.17 December 31, 2012.

83.18 Sec. 14. Minnesota Statutes 2012, section 290.01, subdivision 19d, is amended to read:

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

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

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

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

83.30 (4) amounts disallowed for intangible drilling costs due to differences between
 83.31 this chapter and the Internal Revenue Code in taxable years beginning before January
 83.32 1, 1987, as follows:

83.33 (i) to the extent the disallowed costs are represented by physical property, an amount
 83.34 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,
 83.35 subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

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

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

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

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

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

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

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause ~~(9)~~ (8), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

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

(9) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the

corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under ~~section 290.01~~, subdivision 19c, clause (1), in a prior taxable year;

(10) ~~80~~ 50 percent of royalties, fees, or other like income accrued or received from a ~~foreign operating corporation or a~~ foreign corporation which is part of the same unitary business as the receiving corporation, unless the income resulting from such payments or accruals is income from sources within the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

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

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

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

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

~~(15) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;~~

~~(16)~~ (15) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

~~(17)~~ (16) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause ~~(15)~~ (12), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause ~~(15)~~ (12). The resulting delayed depreciation cannot be less than zero;

~~(18)~~ (17) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause ~~(16)~~ (13), an amount equal to one-fifth of the amount of the addition; and

(18) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under ~~section 290.01~~, subdivision 19c, clause ~~(25)~~; (16); and (19) in the year that the expenditures are made for railroad track maintenance, as defined in section 45G(d) of the Internal Revenue Code, an amount equal to the credit awarded under section 45G(a) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 15. Minnesota Statutes 2012, section 290.01, is amended by adding a subdivision to read:

Subd. 29a. **State itemized deduction.** The term "state itemized deduction" means federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code, disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by the amount of the addition required under subdivision 19a, clause (13).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 16. Minnesota Statutes 2012, section 290.01, subdivision 31, as amended by Laws 2013, chapter 3, section 4, is amended to read:

Subd. 31. Internal Revenue Code. Unless specifically defined otherwise, ~~for taxable years beginning before January 1, 2012, and after December 31, 2012, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through April 14, 2011; and for taxable years beginning after December 31, 2011, and before January 1, 2013, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through January 3, 2013.~~ Internal Revenue Code also includes any uncoded provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.

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

87.1 Sec. 17. Minnesota Statutes 2012, section 290.01, is amended by adding a subdivision
87.2 to read:

87.3 Subd. 33. **Foreign source income; income from foreign sources.** The terms
87.4 "foreign source income" and "income from foreign sources" means income from sources
87.5 without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the
87.6 Internal Revenue Code.

87.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
87.8 December 31, 2012.

87.9 Sec. 18. Minnesota Statutes 2012, section 290.06, subdivision 2c, is amended to read:

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

- 87.14 (1) On the first ~~\$25,680~~ \$31,000, 5.35 percent;
- 87.15 (2) On all over ~~\$25,680~~ \$31,000, but not over ~~\$102,030~~ \$130,000, 7.05 percent;
- 87.16 (3) On all over ~~\$102,030~~ \$130,000, but not over \$400,000, 7.85 percent-;
- 87.17 (4) On all over \$400,000, 8.49 percent.

87.18 Married individuals filing separate returns, estates, and trusts must compute their
87.19 income tax by applying the above rates to their taxable income, except that the income
87.20 brackets will be one-half of the above amounts.

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

- 87.23 (1) On the first ~~\$17,570~~ \$21,200, 5.35 percent;
- 87.24 (2) On all over ~~\$17,570~~ \$21,200, but not over ~~\$57,710~~ \$73,500, 7.05 percent;
- 87.25 (3) On all over ~~\$57,710~~ \$73,500, but not over \$226,200, 7.85 percent-;
- 87.26 (4) On all over \$226,200, 8.49 percent.

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

- 87.30 (1) On the first ~~\$21,630~~ \$26,100, 5.35 percent;
- 87.31 (2) On all over ~~\$21,630~~ \$26,100, but not over ~~\$86,910~~ \$110,700, 7.05 percent;
- 87.32 (3) On all over ~~\$86,910~~ \$110,700, but not over \$340,700, 7.85 percent-;
- 87.33 (4) On all over \$340,700, 8.49 percent.

87.34 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the
87.35 tax of any individual taxpayer whose taxable net income for the taxable year is less than

an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

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

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), ~~(5), (6), (7), (8), (9), (12), (13), and (16) to (18)~~ (5) to (9), (11), and (12), and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses ~~(8), (9), (13), (14), (16), and (17)~~ (6), (7), (11), (12), (14), and (15), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), ~~(5), (6), (7), (8), (9), (12), (13), and (16) to (18)~~ (5) to (9), (11), and (12), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), ~~(8), (9), (13), (14), (16), and (17)~~ (6), (7), (11), (12), (14), and (15).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 19. Minnesota Statutes 2012, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after December 31, ~~2000~~ 2013, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2012, and before January 1, ~~2001~~ 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes

in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2012" shall be substituted for the word "1992." For ~~2001~~ 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2012, to the 12 months ending on August 31, ~~2000~~ 2013, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2012, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 20. Minnesota Statutes 2012, section 290.06, is amended by adding a subdivision to read:

Subd. 36. **Charitable contributions credit.** (a) A taxpayer, other than a corporation, estate, or trust, is allowed a credit against the tax imposed by this chapter equal to eight percent of the amount by which eligible charitable contributions exceed the greater of:

(1) two percent of the taxpayer's adjusted gross income for the taxable year; or

(2) \$400 (\$800 for married filing jointly).

(b) For purposes of this subdivision, "eligible charitable contributions" means charitable contributions allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, subject to the limitations of section 170(b) of the Internal Revenue Code, and determined without regard to whether or not the taxpayer itemizes deductions.

(c) For purposes of this subdivision, "adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code.

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

90.1 Sec. 21. Minnesota Statutes 2012, section 290.067, subdivision 1, is amended to read:

90.2 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the
90.3 tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the
90.4 dependent care credit for which the taxpayer is eligible pursuant to the provisions of
90.5 section 21 of the Internal Revenue Code subject to the limitations provided in subdivision
90.6 2 except that in determining whether the child qualified as a dependent, income received
90.7 as a Minnesota family investment program grant or allowance to or on behalf of the child
90.8 must not be taken into account in determining whether the child received more than half
90.9 of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of
90.10 the Internal Revenue Code do not apply.

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

90.20 (c) If a married couple:

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

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

90.23 (3) does not participate in a dependent care assistance program as defined in section
90.24 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid
90.25 for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of
90.26 (i) the combined earned income of the couple or (ii) the amount of the maximum limit for
90.27 one qualified individual under section 21(c) and (d) of the Internal Revenue Code will
90.28 be deemed to be the employment related expense paid for that child. The earned income
90.29 limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed
90.30 amount. These deemed amounts apply regardless of whether any employment-related
90.31 expenses have been paid.

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

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

91.1 (2) if the person is an organization described in section 501(c)(3) of the Internal
91.2 Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code,
91.3 the name and address of the person are included on the return claiming the credit.
91.4 In the case of a failure to provide the information required under the preceding sentence,
91.5 the preceding sentence does not apply if it is shown that the taxpayer exercised due
91.6 diligence in attempting to provide the information required.

91.7 In the case of a nonresident, part-year resident, or a person who has earned income
91.8 not subject to tax under this chapter including earned income excluded pursuant to section
91.9 290.01, subdivision 19b, clause ~~(9)~~ (7), the credit determined under section 21 of the
91.10 Internal Revenue Code must be allocated based on the ratio by which the earned income
91.11 of the claimant and the claimant's spouse from Minnesota sources bears to the total earned
91.12 income of the claimant and the claimant's spouse.

91.13 For residents of Minnesota, the subtractions for military pay under section 290.01,
91.14 subdivision 19b, clauses ~~(10) and (11)~~ (8) and (9), are not considered "earned income not
91.15 subject to tax under this chapter."

91.16 For residents of Minnesota, the exclusion of combat pay under section 112 of the
91.17 Internal Revenue Code is not considered "earned income not subject to tax under this
91.18 chapter."

91.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
91.20 December 31, 2012.

91.21 Sec. 22. Minnesota Statutes 2012, section 290.067, subdivision 2a, is amended to read:

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

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

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

91.27 (i) all nontaxable income;

91.28 (ii) the amount of a passive activity loss that is not disallowed as a result of section
91.29 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity
91.30 loss carryover allowed under section 469(b) of the Internal Revenue Code;

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

91.34 (iv) cash public assistance and relief;

92.1 (v) any pension or annuity (including railroad retirement benefits, all payments
92.2 received under the federal Social Security Act, supplemental security income, and veterans
92.3 benefits), which was not exclusively funded by the claimant or spouse, or which was
92.4 funded exclusively by the claimant or spouse and which funding payments were excluded
92.5 from federal adjusted gross income in the years when the payments were made;

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

92.8 (vii) workers' compensation;

92.9 (viii) nontaxable strike benefits;

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

92.13 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
92.14 1986, as amended through December 31, 1995;

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

92.20 (xii) nontaxable scholarship or fellowship grants;

92.21 (xiii) the amount of deduction allowed under section 199 of the Internal Revenue
92.22 Code;

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

92.25 (xv) the amount of deducted for tuition expenses ~~required to be added to income~~
92.26 ~~under section 290.01, subdivision 19a, clause (12) under section 222 of the Internal~~
92.27 Revenue Code; and

92.28 (xvi) the amount deducted for certain expenses of elementary and secondary school
92.29 teachers under section 62(a)(2)(D) of the Internal Revenue Code; ~~and~~

92.30 ~~(xvii) unemployment compensation.~~

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

92.36 (b) "Income" does not include:

- 93.1 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;
93.2 (2) amounts of any pension or annuity that were exclusively funded by the claimant
93.3 or spouse if the funding payments were not excluded from federal adjusted gross income
93.4 in the years when the payments were made;
93.5 (3) surplus food or other relief in kind supplied by a governmental agency;
93.6 (4) relief granted under chapter 290A;
93.7 (5) child support payments received under a temporary or final decree of dissolution
93.8 or legal separation; and
93.9 (6) restitution payments received by eligible individuals and excludable interest as
93.10 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of
93.11 2001, Public Law 107-16.

93.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
93.13 December 31, 2012.

93.14 Sec. 23. Minnesota Statutes 2012, section 290.0671, subdivision 1, is amended to read:

93.15 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax
93.16 imposed by this chapter equal to a percentage of earned income. To receive a credit, a
93.17 taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

93.18 (b) For individuals with no qualifying children, the credit equals 1.9125 percent of
93.19 the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned
93.20 income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no
93.21 case is the credit less than zero.

93.22 (c) For individuals with one qualifying child, the credit equals 8.5 percent of the first
93.23 \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than
93.24 \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income,
93.25 whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

93.26 (d) For individuals with two or more qualifying children, the credit equals ten percent
93.27 of the first \$9,720 of earned income and 20 percent of earned income over \$14,860 but less
93.28 than \$16,800. The credit is reduced by 10.3 percent of earned income or adjusted gross
93.29 income, whichever is greater, in excess of \$17,890, but in no case is the credit less than zero.

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

93.32 (f) For a person who was a resident for the entire tax year and has earned income
93.33 not subject to tax under this chapter, including income excluded under section 290.01,
93.34 subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal
93.35 adjusted gross income reduced by the earned income not subject to tax under this chapter

over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses ~~(10) and (11)~~ (8) and (9), are not considered "earned income not subject to tax under this chapter."

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

(g) For tax years beginning after December 31, 2007, and before December 31, 2010, and for tax years beginning after December 31, 2017, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(h) For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2012, and before January 1, 2018, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2012, and before January 1, 2018, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2011, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2010, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

95.1 (i) The commissioner shall construct tables showing the amount of the credit at
95.2 various income levels and make them available to taxpayers. The tables shall follow
95.3 the schedule contained in this subdivision, except that the commissioner may graduate
95.4 the transition between income brackets.

95.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
95.6 December 31, 2012.

95.7 Sec. 24. Minnesota Statutes 2012, section 290.0675, subdivision 1, is amended to read:

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

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

95.12 (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;

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

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

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

95.18 (d) "Earned income of lesser-earning spouse" means the earned income of the
95.19 spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable
95.20 year minus the sum of (i) the amount for one exemption under section 151(d) of the
95.21 Internal Revenue Code and (ii) one-half the amount of the standard deduction under
95.22 section 63(c)(2)(A) and (4) of the Internal Revenue Code ~~minus one-half of any addition~~
95.23 ~~required under section 290.01, subdivision 19a, clause (21), and one-half of the addition~~
95.24 ~~that would have been required under section 290.01, subdivision 19a, clause (21), if the~~
95.25 ~~taxpayer had claimed the standard deduction.~~

95.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
95.27 December 31, 2012.

95.28 Sec. 25. Minnesota Statutes 2012, section 290.0677, subdivision 2, is amended to read:

95.29 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have
95.30 the meanings given.

95.31 (b) "Designated area" means a:

95.32 (1) combat zone designated by Executive Order from the President of the United
95.33 States;

(2) qualified hazardous duty area, designated in Public Law; or
 (3) location certified by the U. S. Department of Defense as eligible for combat zone tax benefits due to the location's direct support of military operations.

(c) "Active military service" means active duty service in any of the United States armed forces, the National Guard, or reserves.

(d) "Qualified individual" means an individual who has:

(1) ~~either (i)~~ met one of the following criteria:

(i) has served at least 20 years in the military or;

(ii) has a service-connected disability rating of 100 percent for a total and permanent disability; or

(iii) has been determined by the military to be eligible for compensation from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, or 12733; and

(2) separated from military service before the end of the taxable year.

(e) "Adjusted gross income" has the meaning given in section 61 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 26. Minnesota Statutes 2012, section 290.068, subdivision 3, is amended to read:

Subd. 3. **Limitation; carryover.** (a)(1) The credit for a taxable year beginning before January 1, 2010, and after December 31, 2012, shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under section 290.06, subdivision 1, for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

(2) In the case of a corporation which is a partner in a partnership, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under clause (1) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit

97.1 may be carried and then to each successive year to which the credit may be carried. The
97.2 amount of the unused credit which may be added under this clause shall not exceed the
97.3 taxpayer's liability for tax less the research credit for the taxable year.

97.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
97.5 December 31, 2012.

97.6 Sec. 27. Minnesota Statutes 2012, section 290.068, subdivision 6a, is amended to read:

97.7 Subd. 6a. **Credit to be refundable.** If the amount of credit allowed in this section
97.8 for qualified research expenses incurred in taxable years beginning after December 31,
97.9 2009, and before January 1, 2013, exceeds the taxpayer's tax liability under this chapter,
97.10 the commissioner shall refund the excess amount. The credit allowed for qualified research
97.11 expenses incurred in taxable years beginning after December 31, 2009, and before January
97.12 1, 2013, must be used before any research credit earned under subdivision 3.

97.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
97.14 December 31, 2012.

97.15 Sec. 28. Minnesota Statutes 2012, section 290.0681, subdivision 1, is amended to read:

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

97.18 (b) "Account" means the historic credit administration account in the special
97.19 revenue fund.

97.20 (c) "Office" means the State Historic Preservation Office of the Minnesota Historical
97.21 Society.

97.22 (d) "Project" means rehabilitation of a certified historic structure, as defined in
97.23 section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is
97.24 allowed a federal credit ~~under section 47(a)(2) of the Internal Revenue Code.~~

97.25 (e) "Society" means the Minnesota Historical Society.

97.26 (f) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal
97.27 Revenue Code.

97.28 (g) "Placed in service" has the meaning used in section 47 of the Internal Revenue
97.29 Code.

97.30 (h) "Qualified rehabilitation expenditures" has the meaning given in section 47 of
97.31 the Internal Revenue Code.

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

98.1 Sec. 29. Minnesota Statutes 2012, section 290.0681, subdivision 3, is amended to read:

98.2 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this
98.3 section, the developer of a project must apply to the office before the rehabilitation
98.4 begins. The application must contain the information and be in the form prescribed by
98.5 the office. The office may collect a fee for application of up to \$5,000, ~~based on 0.5~~
98.6 percent of estimated qualified rehabilitation expenses, not to exceed \$35,000, to offset
98.7 costs associated with personnel and administrative expenses related to administering the
98.8 credit and preparing the economic impact report in subdivision 9. Application fees are
98.9 deposited in the account. The application must indicate if the application is for a credit
98.10 or a grant in lieu of the credit or a combination of the two and designate the taxpayer
98.11 qualifying for the credit or the recipient of the grant.

98.12 (b) Upon approving an application for credit, the office shall issue allocation
98.13 certificates that:

98.14 (1) verify eligibility for the credit or grant;

98.15 (2) state the amount of credit or grant anticipated with the project, with the credit
98.16 amount equal to 100 percent and the grant amount equal to 90 percent of the federal
98.17 credit anticipated in the application;

98.18 (3) state that the credit or grant allowed may increase or decrease if the federal
98.19 credit the project receives at the time it is placed in service is different than the amount
98.20 anticipated at the time the allocation certificate is issued; and

98.21 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer
98.22 or grant recipient is entitled to receive the credit or grant at the time the project is placed
98.23 in service, provided that date is within three calendar years following the issuance of
98.24 the allocation certificate.

98.25 (c) The office, in consultation with the commissioner ~~of revenue~~, shall determine
98.26 if the project is eligible for a credit or a grant under this section and must notify the
98.27 developer in writing of its determination. Eligibility for the credit is subject to review
98.28 and audit by the commissioner ~~of revenue~~.

98.29 (d) The federal credit recapture and repayment requirements under section 50 of the
98.30 Internal Revenue Code do not apply to the credit allowed under this section.

98.31 (e) Any decision of the office under paragraph (c) may be challenged as a contested
98.32 case under chapter 14. The contested case proceeding must be initiated within 45 days of
98.33 the date of written notification by the office.

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

98.35 Sec. 30. Minnesota Statutes 2012, section 290.0681, subdivision 4, is amended to read:

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

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

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

99.9 (b) The recipient of a credit certificate may assign the certificate to another taxpayer,
99.10 which is then allowed the credit under this section or section 297I.20, subdivision 3. An
99.11 assignment is not valid unless the assignee notifies the commissioner within 30 days of the
99.12 date that the assignment is made. The commissioner shall prescribe the forms necessary
99.13 for notifying the commissioner of the assignment of a credit certificate and for claiming
99.14 a credit by assignment.

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

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

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

99.20 Sec. 31. Minnesota Statutes 2012, section 290.0681, subdivision 5, is amended to read:

99.21 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
99.22 liability company taxed as a partnership, S corporation, or multiple owners of property
99.23 are passed through to the partners, members, shareholders, or owners, respectively, pro
99.24 rata to each partner, member, shareholder, or owner based on their share of the entity's
99.25 assets or as specially allocated in their organizational documents or any other executed
99.26 agreement, as of the last day of the taxable year.

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

99.28 Sec. 32. **[290.0693] VETERANS JOBS TAX CREDIT.**

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

99.31 (b) "Date of hire" means the day that the qualified employee begins performing
99.32 services as an employee of the qualified employer.

(c) "Disabled veteran" is a veteran who has had a service-connected disability rating as adjudicated by the United States Veterans Administration, or by the retirement board of one of the several branches of the armed forces.

(d)(1) "Qualified employee" means an employee as defined in section 290.92, subdivision 1, who meets the following criteria:

(i) the employee is a resident of Minnesota on the date of hire;

(ii) the employee is paid wages as defined in section 290.92, subdivision 1; and

(iii) the employee's wages are attributable to Minnesota under section 290.191, subdivision 12;

(2) Qualified employee does not include:

(i) any employee who bears any of the relationships to the employer described in subparagraphs (A) to (G) of section 152(d)(2) of the Internal Revenue Code;

(ii) if the employer is a corporation, an employee who owns, directly or indirectly, more than 50 percent in value of the outstanding stock of the corporation, or if the employer is an entity other than a corporation, an employee who owns, directly or indirectly, more than 50 percent of the capital and profits interests in the entity, as determined with the application of section 267(c) of the Internal Revenue Code; or

(iii) if the employer is an estate or trust, any employee who is a fiduciary of the estate or trust, or is an individual who bears any of the relationships described in subparagraphs (A) to (G) of section 152(d)(2) of the Internal Revenue Code to a grantor, beneficiary, or fiduciary of the estate or trust.

(e) "Qualified employer" means an employer that hired a disabled veteran, or an unemployed veteran as a qualified employee.

(f) "Unemployed veteran" is a veteran who:

(1) received unemployment compensation under state or federal law at any time during the two-year period prior to the date of hire; and

(2) was unemployed on the date of hire.

(g) "Veteran" has the meaning given in section 197.447.

Subd. 2. Credit allowed. (a) A qualified employer is allowed a credit for each of the following individuals that the qualified employer hires as a qualified employee during taxable years beginning after December 31, 2012, and before January 1, 2017:

(1) a disabled veteran; or

(2) an unemployed veteran.

(b) Subject to the requirements of this section, there is no limit to the number of credits that a qualified employer may claim under this section during a taxable year.

(c) A qualified employer may claim the credit either for the taxable year in which the qualified employee is hired, or in the next taxable year, but may claim the credit only once for each qualified employee.

Subd. 3. **Credit amount for hiring certain veterans.** (a) A qualified employer who is required to file a return under section 289A.08, subdivision 1, 2, or 3, is allowed a credit against the tax imposed by this chapter as determined under paragraphs (b) to (d).

(b) For hiring a disabled veteran as a qualified employee, the credit equals ten percent of the wages paid to the qualified employee during the taxable year, but the amount of the credit shall not exceed \$1,200.

(c) For hiring an unemployed veteran as a qualified employee, the credit equals ten percent of the wages paid to the qualified employee during the taxable year, but the amount of the credit shall not exceed \$600.

(d) The credit is limited to the liability for tax under this chapter for the taxable year.

(e) A qualified employer is allowed only one of the credits authorized under paragraphs (b) to (d) upon hiring a disabled veteran, or an unemployed veteran as a qualified employee.

(f) A qualified employer may not claim a credit under this subdivision for hiring a disabled veteran, or an unemployed veteran as a qualified employee if the qualified employer currently employs or has previously employed the disabled veteran, or unemployed veteran.

Subd. 4. **Flow-through entities.** Credits granted to a partnership, limited liability company taxed as a partnership, S corporation, or multiple owners of a business are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents, as of the last day of the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

Sec. 33. Minnesota Statutes 2012, section 290.091, subdivision 2, is amended to read:

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

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

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

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

102.3 ~~(i) the charitable contribution deduction under section 170 of the Internal Revenue~~
102.4 ~~Code;~~

102.5 ~~(ii)~~ (i) the medical expense deduction;

102.6 ~~(iii)~~ (ii) the casualty, theft, and disaster loss deduction; and

102.7 ~~(iv)~~ (iii) the impairment-related work expenses of a disabled person;

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

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

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

102.19 (6) the amount of addition required by section 290.01, subdivision 19a, clauses ~~(7)~~
102.20 ~~to (9), (12), (13), and (16) to (18)~~ (7) to (9), (11), and (12);

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

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

102.23 (2) an overpayment of state income tax as provided by section 290.01, subdivision
102.24 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

102.29 (4) amounts subtracted from federal taxable income as provided by section 290.01,
102.30 subdivision 19b, clauses ~~(6), (8) to (14), and (16)~~ (6) to (12), (14), and (18); and

102.31 (5) the amount of the net operating loss allowed under section 290.095, subdivision
102.32 11, paragraph (c).

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

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

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

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

103.5 (e) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable
103.6 income after subtracting the exemption amount determined under subdivision 3.

103.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
103.8 December 31, 2012.

103.9 Sec. 34. Minnesota Statutes 2012, section 290.0921, subdivision 3, is amended to read:

103.10 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
103.11 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
103.12 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),
103.13 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
103.14 Minnesota tax return, the minimum tax must be computed on a separate company basis.
103.15 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
103.16 computed on a unitary basis. The following adjustments must be made.

103.17 (1) For purposes of the depreciation adjustments under section 56(a)(1) and
103.18 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in
103.19 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal
103.20 income tax purposes, including any modification made in a taxable year under section
103.21 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,
103.22 paragraph (c).

103.23 For taxable years beginning after December 31, 2000, the amount of any remaining
103.24 modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,
103.25 section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation
103.26 allowance in the first taxable year after December 31, 2000.

103.27 (2) The portion of the depreciation deduction allowed for federal income tax
103.28 purposes under section 168(k) of the Internal Revenue Code that is required as an addition
103.29 under section 290.01, subdivision 19c, clause ~~(15)~~ (12), is disallowed in determining
103.30 alternative minimum taxable income.

103.31 (3) The subtraction for depreciation allowed under section 290.01, subdivision
103.32 19d, clause ~~(17)~~ (16), is allowed as a depreciation deduction in determining alternative
103.33 minimum taxable income.

103.34 (4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)
103.35 of the Internal Revenue Code does not apply.

104.1 (5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal
104.2 Revenue Code does not apply.

104.3 ~~(6) The special rule for dividends from section 936 companies under section~~
104.4 ~~56(g)(4)(C)(iii) does not apply.~~

104.5 ~~(7)~~ (6) The tax preference for depletion under section 57(a)(1) of the Internal
104.6 Revenue Code does not apply.

104.7 ~~(8)~~ (7) The tax preference for intangible drilling costs under section 57(a)(2) of the
104.8 Internal Revenue Code must be calculated without regard to subparagraph (E) and the
104.9 subtraction under section 290.01, subdivision 19d, clause (4).

104.10 ~~(9)~~ (8) The tax preference for tax exempt interest under section 57(a)(5) of the
104.11 Internal Revenue Code does not apply.

104.12 ~~(10)~~ (9) The tax preference for charitable contributions of appreciated property
104.13 under section 57(a)(6) of the Internal Revenue Code does not apply.

104.14 ~~(11)~~ (10) For purposes of calculating the tax preference for accelerated depreciation
104.15 or amortization on certain property placed in service before January 1, 1987, under section
104.16 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
104.17 deduction allowed under section 290.01, subdivision 19e.

104.18 For taxable years beginning after December 31, 2000, the amount of any remaining
104.19 modification made under section 290.01, subdivision 19e, not previously deducted is a
104.20 depreciation or amortization allowance in the first taxable year after December 31, 2004.

104.21 ~~(12)~~ (11) For purposes of calculating the adjustment for adjusted current earnings
104.22 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
104.23 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
104.24 minimum taxable income as defined in this subdivision, determined without regard to the
104.25 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

104.26 ~~(13)~~ (12) For purposes of determining the amount of adjusted current earnings
104.27 under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under
104.28 section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign
104.29 dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1),
104.30 (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in
104.31 section 290.01, subdivision 19d, clause (9), or (iii) the amount of royalties, fees or other
104.32 like income subtracted as provided in section 290.01, subdivision 19d, clause (10).

104.33 ~~(14)~~ (13) Alternative minimum taxable income excludes the income from operating
104.34 in a job opportunity building zone as provided under section 469.317.

104.35 ~~(15)~~ (14) Alternative minimum taxable income excludes the income from operating
104.36 in a biotechnology and health sciences industry zone as provided under section 469.337.

105.1 Items of tax preference must not be reduced below zero as a result of the
105.2 modifications in this subdivision.

105.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
105.4 December 31, 2012.

105.5 Sec. 35. Minnesota Statutes 2012, section 290.0922, subdivision 1, is amended to read:

105.6 Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without
105.7 regard to this section, the franchise tax imposed on a corporation required to file under
105.8 section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation
105.9 under section 290.9725 for the taxable year includes a tax equal to the following amounts:

105.10 If the sum of the corporation's Minnesota
105.11 property, payrolls, and sales or receipts is: the tax equals:

105.12	less than	\$	500,000	\$	0	
105.13	\$	500,000 to	\$	999,999	\$	100
105.14	\$	1,000,000 to	\$	4,999,999	\$	300
105.15	\$	5,000,000 to	\$	9,999,999	\$	1,000
105.16	\$	10,000,000 to	\$	19,999,999	\$	2,000
105.17	\$	20,000,000 or more			\$	5,000
105.18	<u>less than</u>	<u>\$</u>	<u>930,000</u>	<u>\$</u>	<u>0</u>	
105.19	<u>\$</u>	<u>930,000 to</u>	<u>\$</u>	<u>1,869,999</u>	<u>\$</u>	<u>190</u>
105.20	<u>\$</u>	<u>1,870,000 to</u>	<u>\$</u>	<u>9,339,999</u>	<u>\$</u>	<u>560</u>
105.21	<u>\$</u>	<u>9,340,000 to</u>	<u>\$</u>	<u>18,679,999</u>	<u>\$</u>	<u>1,870</u>
105.22	<u>\$</u>	<u>18,680,000 to</u>	<u>\$</u>	<u>37,359,999</u>	<u>\$</u>	<u>3,740</u>
105.23	\$	37,360,000 or more			\$	9,340

105.24 (b) A tax is imposed for each taxable year on a corporation required to file a return
105.25 under section 289A.12, subdivision 3, that is treated as an "S" corporation under section
105.26 290.9725 and on a partnership required to file a return under section 289A.12, subdivision
105.27 3, other than a partnership that derives over 80 percent of its income from farming. The
105.28 tax imposed under this paragraph is due on or before the due date of the return for the
105.29 taxpayer due under section 289A.18, subdivision 1. The commissioner shall prescribe
105.30 the return to be used for payment of this tax. The tax under this paragraph is equal to
105.31 the following amounts:

105.32	If the sum of the S corporation's				the tax equals:
105.33	or partnership's Minnesota				
105.34	property, payrolls, and sales or				
105.35	receipts is:				
105.36	less than	\$	500,000	\$ 0	
105.37	\$ 500,000 to	\$	999,999	\$ 100	
105.38	\$ 1,000,000 to	\$	4,999,999	\$ 300	

106.1	\$ 5,000,000 to	\$ 9,999,999	\$ 1,000
106.2	\$ 10,000,000 to	\$ 19,999,999	\$ 2,000
106.3	\$ 20,000,000 or more		\$ 5,000
106.4	less than	\$ 930,000	\$ 0
106.5	\$ 930,000 to	\$ 1,869,999	\$ 190
106.6	\$ 1,870,000 to	\$ 9,339,999	\$ 560
106.7	\$ 9,340,000 to	\$ 18,679,999	\$ 1,870
106.8	\$ 18,680,000 to	\$ 37,359,999	\$ 3,740
106.9	\$ 37,360,000 or more		\$ 9,340

106.10 (c) The commissioner shall adjust the dollar amounts of both the tax and the property,
 106.11 payrolls, and sales or receipts thresholds in paragraphs (a) and (b) by the percentage
 106.12 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except
 106.13 that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992." For
 106.14 2014, the commissioner shall determine the percentage change from the 12 months ending
 106.15 on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent
 106.16 year, from the 12 months ending on August 31, 2012, to the 12 months ending on August
 106.17 31 of the year preceding the taxable year. The determination of the commissioner pursuant
 106.18 to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in
 106.19 chapter 14. The tax amounts as adjusted must be rounded to the nearest \$10 amount and
 106.20 the threshold amounts must be adjusted to the nearest \$10,000 amount. For tax amounts
 106.21 that end in \$5, the amount is rounded up to the nearest \$10 amount and for the threshold
 106.22 amounts that end in \$5,000, the amount is rounded up to the nearest \$10,000.

106.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 106.24 December 31, 2012.

106.25 Sec. 36. Minnesota Statutes 2012, section 290.17, subdivision 4, is amended to read:

106.26 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly
 106.27 within this state or partly within and partly without this state is part of a unitary business,
 106.28 the entire income of the unitary business is subject to apportionment pursuant to section
 106.29 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary
 106.30 business is considered to be derived from any particular source and none may be allocated
 106.31 to a particular place except as provided by the applicable apportionment formula. The
 106.32 provisions of this subdivision do not apply to business income subject to subdivision 5,
 106.33 income of an insurance company, or income of an investment company determined under
 106.34 section 290.36.

106.35 (b) The term "unitary business" means business activities or operations which
 106.36 result in a flow of value between them. The term may be applied within a single legal

entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership ~~is~~ does ~~not deemed to exist when a corporation is two or more corporations are involved unless that corporation is a member of a group of two or more business entities and~~ more than 50 percent of the voting stock of each ~~member of the group corporation~~ is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 66A.40.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is not included on a combined report and which is required to file a return under this chapter shall file on a separate return basis. ~~The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g).~~ The legislature intends that the provisions of this paragraph are not severable from the provisions of section 290.01, subdivision 5, clauses (4) and (5), and if any of those provisions are found to be unconstitutional, the provisions of this paragraph are void for the respective taxable years.

~~(g) The adjusted net income of a foreign operating corporation shall be deemed to be paid as a dividend on the last day of its taxable year to each shareholder thereof, in proportion to each shareholder's ownership, with which such corporation is engaged in a unitary business. Such deemed dividend shall be treated as a dividend under section 290.21, subdivision 4.~~

108.1 Dividends actually paid by a foreign operating corporation to a corporate shareholder
108.2 which is a member of the same unitary business as the foreign operating corporation shall
108.3 be eliminated from the net income of the unitary business in preparing a combined report
108.4 for the unitary business. The adjusted net income of a foreign operating corporation
108.5 shall be its net income adjusted as follows:

108.6 (1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto
108.7 Rico, or a United States possession or political subdivision of any of the foregoing shall
108.8 be a deduction; and

108.9 (2) the subtraction from federal taxable income for payments received from foreign
108.10 corporations or foreign operating corporations under section 290.01, subdivision 19d,
108.11 clause (10), shall not be allowed.

108.12 If a foreign operating corporation incurs a net loss, neither income nor deduction from
108.13 that corporation shall be included in determining the net income of the unitary business.

108.14 (h) (g) For purposes of determining the net income of a unitary business and the
108.15 factors to be used in the apportionment of net income pursuant to section 290.191 or
108.16 290.20, there must be included only the income and apportionment factors of domestic
108.17 corporations or other domestic entities other than foreign operating corporations that are
108.18 determined to be part of the unitary business pursuant to this subdivision, notwithstanding
108.19 that foreign corporations or other foreign entities might be included in the unitary business.

108.20 (i) (h) Deductions for expenses, interest, or taxes otherwise allowable under
108.21 this chapter that are connected with or allocable against dividends, deemed dividends
108.22 described in paragraph (g), or royalties, fees, or other like income described in section
108.23 290.01, subdivision 19d, clause (10), shall not be disallowed.

108.24 (j) (i) Each corporation or other entity, except a sole proprietorship, that is part of
108.25 a unitary business must file combined reports as the commissioner determines. On the
108.26 reports, all intercompany transactions between entities included pursuant to paragraph (h)
108.27 (g) must be eliminated and the entire net income of the unitary business determined in
108.28 accordance with this subdivision is apportioned among the entities by using each entity's
108.29 Minnesota factors for apportionment purposes in the numerators of the apportionment
108.30 formula and the total factors for apportionment purposes of all entities included pursuant
108.31 to paragraph (h) (g) in the denominators of the apportionment formula. All sales of the
108.32 unitary business made within Minnesota pursuant to section 290.191 or 290.20 must be
108.33 included on the separate combined report of a corporation that is a member of the unitary
108.34 business and is subject to the jurisdiction of this state to impose tax under this chapter.

109.1 ~~(k)~~ (j) If a corporation has been divested from a unitary business and is included in a
109.2 combined report for a fractional part of the common accounting period of the combined
109.3 report:

109.4 (1) its income includable in the combined report is its income incurred for that part
109.5 of the year determined by proration or separate accounting; and

109.6 (2) its sales, property, and payroll included in the apportionment formula must
109.7 be prorated or accounted for separately.

109.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
109.9 December 31, 2012.

109.10 Sec. 37. Minnesota Statutes 2012, section 290.21, subdivision 4, is amended to read:

109.11 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent
109.12 of dividends received by a corporation during the taxable year from another corporation,
109.13 in which the recipient owns 20 percent or more of the stock, by vote and value, not
109.14 including stock described in section 1504(a)(4) of the Internal Revenue Code when the
109.15 corporate stock with respect to which dividends are paid does not constitute the stock in
109.16 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not
109.17 constitute property held by the taxpayer primarily for sale to customers in the ordinary
109.18 course of the taxpayer's trade or business, or when the trade or business of the taxpayer
109.19 does not consist principally of the holding of the stocks and the collection of the income
109.20 and gains therefrom; and

109.21 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in
109.22 an affiliated company transferred in an overall plan of reorganization and the dividend
109.23 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
109.24 amended through December 31, 1989;

109.25 (ii) the remaining 20 percent of dividends if the dividends are received from a
109.26 corporation which is subject to tax under section 290.36 and which is a member of an
109.27 affiliated group of corporations as defined by the Internal Revenue Code and the dividend
109.28 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
109.29 amended through December 31, 1989, or is deducted under an election under section
109.30 243(b) of the Internal Revenue Code; or

109.31 (iii) the remaining 20 percent of the dividends if the dividends are received from a
109.32 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
109.33 member of an affiliated group of corporations as defined by the Internal Revenue Code
109.34 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation

1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code.

The dividend deduction provided in this subdivision does not apply to a dividend received from a real estate investment trust, as defined in section 856 of the Internal Revenue Code.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code.

111.1 (f) If one or more of the members of the unitary group whose income is included on
111.2 the combined report received a dividend, the deduction under this subdivision for each
111.3 member of the unitary business required to file a return under this chapter is the product
111.4 of: (1) 100 percent of the dividends received by members of the group; (2) the percentage
111.5 allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business
111.6 income apportionable to this state for the taxable year under section 290.191 or 290.20.

111.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
111.8 December 31, 2012.

111.9 Sec. 38. Minnesota Statutes 2012, section 290A.03, subdivision 15, as amended by
111.10 Laws 2013, chapter 3, section 5, is amended to read:

111.11 Subd. 15. **Internal Revenue Code.** ~~For taxable years beginning before January 1,~~
111.12 ~~2012, and after December 31, 2012, "Internal Revenue Code" means the Internal Revenue~~
111.13 ~~Code of 1986, as amended through April 14, 2011; and for taxable years beginning after~~
111.14 ~~December 31, 2011, and before January 1, 2013, "Internal Revenue Code" means the~~
111.15 ~~Internal Revenue Code of 1986, as amended through January 3, 2013.~~

111.16 **EFFECTIVE DATE.** This section is effective for property tax refunds based on
111.17 property taxes payable after December 31, 2013, and rent paid after December 31, 2012.

111.18 Sec. 39. Minnesota Statutes 2012, section 298.01, subdivision 3b, is amended to read:

111.19 Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under
111.20 subdivision 3, the deductions from gross income include only those expenses necessary
111.21 to convert raw ores to marketable quality. Such expenses include costs associated with
111.22 refinement but do not include expenses such as transportation, stockpiling, marketing, or
111.23 marine insurance that are incurred after marketable ores are produced, unless the expenses
111.24 are included in gross income. The allowable deductions from a mine or plant that mines
111.25 and produces more than one mineral, metal, or energy resource must be determined
111.26 separately for the purposes of computing the deduction in section 290.01, subdivision 19c,
111.27 ~~clause (9)~~ (8). These deductions may be combined on one occupation tax return to arrive
111.28 at the deduction from gross income for all production.

111.29 (b) The provisions of section 290.01, subdivisions 19c, clauses (6) and (9), and 19d,
111.30 clauses (7) and (11), are not used to determine taxable income.

111.31 Sec. 40. **ESTIMATED TAXES; EXCEPTIONS.**

112.1 No addition to tax, penalties, or interest may be made under Minnesota Statutes,
112.2 section 289A.25, for any period before September 15, 2013, with respect to an
112.3 underpayment of estimated tax, to the extent that the underpayment was created or
112.4 increased by the increase in income tax rates under this article.

112.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
112.6 December 31, 2012.

112.7 Sec. 41. **REPEALER.**

112.8 Minnesota Statutes 2012, sections 290.01, subdivision 6b; 290.06, subdivision 22a;
112.9 290.0672; and 290.0921, subdivision 7, are repealed.

112.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
112.11 December 31, 2012.

112.12 **ARTICLE 7**

112.13 **ESTATE AND GIFT TAXES**

112.14 Section 1. Minnesota Statutes 2012, section 289A.10, subdivision 1, is amended to read:

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

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

112.19 (2) the sum of the federal gross estate and federal adjusted taxable gifts made within
112.20 three years of the date of the decedent's death exceeds \$1,000,000.

112.21 The return must contain a computation of the Minnesota estate tax due. The return
112.22 must be signed by the personal representative.

112.23 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
112.24 December 31, 2012.

112.25 Sec. 2. Minnesota Statutes 2012, section 291.005, subdivision 1, is amended to read:

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

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

112.30 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued
112.31 and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

113.1 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
113.2 1986, as amended through ~~April 14, 2011~~ January 3, 2013, but without regard to the
113.3 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law
113.4 ~~111-312, and section 301(e) of Public Law 111-312~~ section 2011, paragraph (f), of the
113.5 Internal Revenue Code.

113.6 (4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as
113.7 defined by section 2011(b)(3) of the Internal Revenue Code, plus

113.8 (i) the amount of deduction for state death taxes allowed under section 2058 of the
113.9 Internal Revenue Code;

113.10 (ii) the amount of taxable gifts, as defined in section 292.16, and made by the
113.11 decedent within three years of the decedent's date of death; less

113.12 ~~(ii)~~ (iii)(A) the value of qualified small business property under section 291.03,
113.13 subdivision 9, and the value of qualified farm property under section 291.03, subdivision
113.14 10, or (B) \$4,000,000, whichever is less.

113.15 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)
113.16 excluding therefrom any property included therein which has its situs outside Minnesota,
113.17 and (b) including therein any property omitted from the federal gross estate which is
113.18 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing
113.19 authorities.

113.20 (6) "Nonresident decedent" means an individual whose domicile at the time of
113.21 death was not in Minnesota.

113.22 (7) "Personal representative" means the executor, administrator or other person
113.23 appointed by the court to administer and dispose of the property of the decedent. If there
113.24 is no executor, administrator or other person appointed, qualified, and acting within this
113.25 state, then any person in actual or constructive possession of any property having a situs in
113.26 this state which is included in the federal gross estate of the decedent shall be deemed
113.27 to be a personal representative to the extent of the property and the Minnesota estate tax
113.28 due with respect to the property.

113.29 (8) "Resident decedent" means an individual whose domicile at the time of death
113.30 was in Minnesota.

113.31 (9) "Situs of property" means, with respect to:

113.32 (i) real property, the state or country in which it is located; with respect to

113.33 (ii) tangible personal property, the state or country in which it was normally kept or
113.34 located at the time of the decedent's death or for a gift of tangible personal property within
113.35 three years of death, the state or country in which it was normally kept or located when
113.36 the gift was executed; and with respect to

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

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

(10) "Pass-through entity" includes the following:

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

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

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

(iv) a trust.

EFFECTIVE DATE. This section is effective for decedents dying after December 31, 2012.

Sec. 3. Minnesota Statutes 2012, section 291.03, subdivision 1, is amended to read:

Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the proportion of the maximum credit for state death taxes computed under section 2011 of the Internal Revenue Code, but using Minnesota adjusted taxable estate instead of federal adjusted taxable estate, as the Minnesota gross estate bears to the value of the federal gross estate. The tax is reduced by:

(1) the gift tax paid by the decedent under section 292.17 on gifts included in the Minnesota adjusted gross estate and not subtracted as qualified farm or small business property; and

(2) any credit allowed under subdivision 1c.

(b) The tax determined under this subdivision must not be greater than the sum of the following amounts multiplied by a fraction, the numerator of which is the Minnesota gross estate and the denominator of which is the federal gross estate:

(1) the rates and brackets under section 2001(c) of the Internal Revenue Code multiplied by the sum of:

- 115.1 (i) the taxable estate, as defined under section 2051 of the Internal Revenue Code; plus
- 115.2 (ii) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue
- 115.3 Code; less
- 115.4 (iii) the lesser of (A) the sum of the value of qualified small business property
- 115.5 under subdivision 9, and the value of qualified farm property under subdivision 10, or
- 115.6 (B) \$4,000,000; less
- 115.7 (2) the amount of tax allowed under section 2001(b)(2) of the Internal Revenue
- 115.8 Code; and less
- 115.9 (3) the federal credit allowed under section 2010 of the Internal Revenue Code.
- 115.10 (c) For purposes of this subdivision, "Internal Revenue Code" means the Internal
- 115.11 Revenue Code of 1986, as amended through December 31, 2000.

115.12 **EFFECTIVE DATE.** This section is effective for decedents dying after December

115.13 31, 2012.

115.14 Sec. 4. Minnesota Statutes 2012, section 291.03, is amended by adding a subdivision

115.15 to read:

115.16 Subd. 1c. **Nonresident decedent tax credit.** (a) The estate of a nonresident

115.17 decedent that is subject to tax under this chapter on the value of Minnesota situs property

115.18 held in a pass-through entity is allowed a credit against the tax due under this section

115.19 equal to the lesser of:

115.20 (1) the amount of estate or inheritance tax paid to another state that is attributable to

115.21 the Minnesota situs property held in the pass-through entity; or

115.22 (2) the amount of tax paid under this section attributable to the Minnesota situs

115.23 property held in the pass-through entity.

115.24 (b) The amount of tax attributable to the Minnesota situs property held in the

115.25 pass-through entity must be determined by the increase in the estate or inheritance tax that

115.26 results from including the market value of the property in the estate or treating the value

115.27 as a taxable inheritance to the recipient of the property.

115.28 **EFFECTIVE DATE.** This section is effective for decedents dying after December

115.29 31, 2012.

115.30 Sec. 5. Minnesota Statutes 2012, section 291.03, subdivision 8, is amended to read:

115.31 Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the

115.32 meanings given in this subdivision.

(b) "Family member" means a family member as defined in section 2032A(e)(2) of the Internal Revenue Code, or a trust whose present beneficiaries are all family members as defined in section 2032A(e)(2) of the Internal Revenue Code.

(c) "Qualified heir" means a family member who acquired qualified property ~~from~~ upon the death of the decedent and satisfies the requirement under subdivision 9, clause ~~(6) (7)~~, or subdivision 10, clause ~~(4) (5)~~, for the property.

(d) "Qualified property" means qualified small business property under subdivision 9 and qualified farm property under subdivision 10.

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

Sec. 6. Minnesota Statutes 2012, section 291.03, subdivision 9, is amended to read:

Subd. 9. **Qualified small business property.** Property satisfying all of the following requirements is qualified small business property:

(1) The value of the property was included in the federal adjusted taxable estate.

(2) The property consists of the assets of a trade or business or shares of stock or other ownership interests in a corporation or other entity engaged in a trade or business. ~~The decedent or the decedent's spouse must have materially participated in the trade or business within the meaning of section 469 of the Internal Revenue Code during the taxable year that ended before the date of the decedent's death.~~ Shares of stock in a corporation or an ownership interest in another type of entity do not qualify under this subdivision if the shares or ownership interests are traded on a public stock exchange at any time during the three-year period ending on the decedent's date of death. For purposes of this subdivision, an ownership interest includes the interest the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

(3) During the taxable year that ended before the decedent's death, the trade or business must not have been a passive activity within the meaning of section 469(c) of the Internal Revenue Code, and the decedent or the decedent's spouse must have materially participated in the trade or business within the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the taxable year that ended before the decedent's death.

(4) The gross annual sales of the trade or business were \$10,000,000 or less for the last taxable year that ended before the date of the death of the decedent.

~~(4)~~ (5) The property does not consist of cash or, cash equivalents, publicly traded securities, or assets not used in the operation of the trade or business. For property consisting of shares of stock or other ownership interests in an entity, the ~~amount~~ value of cash or, cash equivalents, publicly traded securities, or assets not used in the operation of the trade or business held by the corporation or other entity must be deducted from the value of the property qualifying under this subdivision in proportion to the decedent's share of ownership of the entity on the date of death.

~~(5)~~ (6) The decedent continuously owned the property, including property the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for the three-year period ending on the date of death of the decedent. In the case of a sole proprietor, if the property replaced similar property within the three-year period, the replacement property will be treated as having been owned for the three-year period ending on the date of death of the decedent.

~~(6) A family member continuously uses the property in the operation of the trade or business for three years following the date of death of the decedent.~~

(7) For three years following the date of death of the decedent, the trade or business is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code, and a family member materially participates in the operation of the trade or business within the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the three years following the date of death of the decedent.

(8) The estate and the qualified heir elect to treat the property as qualified small business property and agree, in the form prescribed by the commissioner, to pay the recapture tax under subdivision 11, if applicable.

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

Sec. 7. Minnesota Statutes 2012, section 291.03, subdivision 10, is amended to read:

Subd. 10. **Qualified farm property.** Property satisfying all of the following requirements is qualified farm property:

(1) The value of the property was included in the federal adjusted taxable estate.

(2) The property consists of ~~a farm meeting the requirements of~~ agricultural land as defined in section 500.24, subdivision 2, paragraph (g), and is owned by a person or entity that is not excluded from owning agricultural land by section 500.24, and was classified

118.1 ~~for property tax purposes as the homestead of the decedent or the decedent's spouse or~~
118.2 ~~both under section 273.124, and as class 2a property under section 273.13, subdivision 23.~~

118.3 (3) For property taxes payable in the taxable year of the decedent's death, the
118.4 decedent's interest in the property was classified as the homestead of the decedent, the
118.5 decedent's spouse, or both under section 273.124 and as class 2a property under section
118.6 273.13, subdivision 23.

118.7 (4) The decedent continuously owned the property, including property the decedent
118.8 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for
118.9 the three-year period ending on the date of death of the decedent either by ownership of
118.10 the agricultural land or pursuant to holding an interest in an entity that is not excluded
118.11 from owning agricultural land under section 500.24.

118.12 ~~(4) A family member continuously uses the property in the operation of the trade or~~
118.13 ~~business~~ (5) The property is classified for property tax purposes as class 2a property under
118.14 section 273.13, subdivision 23, for three years following the date of death of the decedent.

118.15 ~~(5)~~ (6) The estate and the qualified heir elect to treat the property as qualified farm
118.16 property and agree, in a form prescribed by the commissioner, to pay the recapture tax
118.17 under subdivision 11, if applicable.

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

118.20 Sec. 8. Minnesota Statutes 2012, section 291.03, subdivision 11, is amended to read:

118.21 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and
118.22 before the death of the qualified heir, the qualified heir disposes of any interest in the
118.23 qualified property, other than by a disposition to a family member, or a family member
118.24 ceases to use the qualified property which was acquired or passed from the decedent
118.25 satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional
118.26 estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir
118.27 replaces qualified small business property excluded under subdivision 9 with similar
118.28 property, then the qualified heir will not be treated as having disposed of an interest in the
118.29 qualified property.

118.30 (b) The amount of the additional tax equals the amount of the exclusion claimed by
118.31 the estate under subdivision 8, paragraph (d), multiplied by 16 percent.

118.32 (c) The additional tax under this subdivision is due on the day which is six months
118.33 after the date of the disposition or cessation in paragraph (a).

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

119.3 Sec. 9. **[292.16] DEFINITIONS.**

- 119.4 (a) For purposes of this chapter, the following definitions apply.
119.5 (b) The definitions of terms defined in section 291.005 apply.
119.6 (c) "Resident" has the meaning given in section 290.01.
119.7 (d) "Taxable gifts" means:
119.8 (1) the transfers by gift which are included in taxable gifts for federal gift tax
119.9 purposes under the following sections of the Internal Revenue Code:
119.10 (i) section 2503;
119.11 (ii) sections 2511 to 2514; and
119.12 (iii) sections 2516 to 2519; less
119.13 (2) the deductions allowed in sections 2522 to 2524 of the Internal Revenue Code.

119.14 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
119.15 30, 2013.

119.16 Sec. 10. **[292.17] GIFT TAX.**

119.17 Subdivision 1. **Imposition.** (a) A tax is imposed on the transfer of property by gift
119.18 by any individual resident or nonresident in an amount equal to ten percent of the amount
119.19 of the taxable gift.

119.20 (b) The donor is liable for payment of the tax. If the gift tax is not paid when due,
119.21 the donee of any gift is personally liable for the tax to the extent of the value of the gift.

119.22 Subd. 2. **Lifetime credit.** A credit is allowed against the tax imposed under this
119.23 section equal to \$100,000. This credit applies to the cumulative amount of taxable gifts
119.24 made by the donor during the donor's lifetime.

119.25 Subd. 3. **Out-of-state gifts.** Taxable gifts exclude the transfer of:

- 119.26 (1) real property located outside of this state;
119.27 (2) tangible personal property that was normally kept at a location outside of the
119.28 state on the date the gift was executed; and
119.29 (3) intangible personal property made by an individual who is not a resident.

119.30 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
119.31 30, 2013.

119.32 Sec. 11. **[292.18] RETURNS.**

120.1 (a) Any individual who makes a taxable gift during the taxable year shall file a gift
120.2 tax return in the form and manner prescribed by the commissioner.

120.3 (b) If the donor dies before filing the return, the executor of the donor's will or
120.4 the administrator of the donor's estate shall file the return. If the donor becomes legally
120.5 incompetent before filing the return, the guardian or conservator shall file the return.

120.6 (c) The return must include:

120.7 (1) each gift made during the calendar year which is to be included in computing the
120.8 taxable gifts;

120.9 (2) the deductions claimed and allowable under section 292.16, paragraph (d),
120.10 clause (2);

120.11 (3) a description of the gift, and the donee's name, address, and Social Security
120.12 number;

120.13 (4) the fair market value of gifts not made in money; and

120.14 (5) any other information the commissioner requires to administer the gift tax.

120.15 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
120.16 30, 2013.

120.17 Sec. 12. **[292.19] FILING REQUIREMENTS.**

120.18 Gift tax returns must be filed by the April 15 following the close of the calendar
120.19 year, except if a gift is made during the calendar year in which the donor dies, the return
120.20 for the donor must be filed by the last date, including extensions, for filing the gift tax
120.21 return for federal gift tax purposes for the donor.

120.22 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
120.23 30, 2013.

120.24 Sec. 13. **[292.20] APPRAISAL OF PROPERTY; DECLARATION BY DONOR.**

120.25 The commissioner may require the donor or the donee to show the property subject to
120.26 the tax under section 292.17 to the commissioner upon demand and may employ a suitable
120.27 person to appraise the property. The donor shall submit a declaration, in a form prescribed
120.28 by the commissioner and including any certification required by the commissioner, that the
120.29 property shown by the donor on the gift tax return includes all of the property transferred by
120.30 gift for the calendar year and not deductible under section 292.16, paragraph (d), clause (2).

120.31 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
120.32 30, 2013.

121.1 Sec. 14. **[292.21] ADMINISTRATIVE PROVISIONS.**

121.2 Subdivision 1. **Payment of tax; penalty for late payment.** The tax imposed under
121.3 section 292.17 is due and payable to the commissioner by the April 15 following the close
121.4 of the calendar year during which the gift was made. The return required under section
121.5 292.19 must be included with the payment. If a taxable gift is made during the calendar
121.6 year in which the donor dies, the due date is the last date, including extensions, for filing
121.7 the gift tax return for federal gift tax purposes for the donor. If any person fails to pay the
121.8 tax due within the time specified under this section, a penalty applies equal to ten percent
121.9 of the amount due and unpaid or \$100, whichever is greater. The unpaid tax and penalty
121.10 bear interest at the rate under section 270C.40 from the due date of the return.

121.11 Subd. 2. **Extensions.** The commissioner may, for good cause, extend the time for
121.12 filing a gift tax return, if a written request is filed with a tentative return accompanied by a
121.13 payment of the tax, which is estimated in the tentative return, on or before the last day for
121.14 filing the return. Any person to whom an extension is granted must pay, in addition to the
121.15 tax, interest at the rate under section 270C.40 from the date on which the tax would have
121.16 been due without the extension.

121.17 Subd. 3. **Changes in federal gift tax.** If the amount of a taxpayer's taxable gifts
121.18 for federal gift tax purposes, as reported on the taxpayer's federal gift tax return for any
121.19 calendar year, is changed or corrected by the Internal Revenue Service or other officer
121.20 of the United States or other competent authority, the taxpayer shall report the change or
121.21 correction in federal taxable gifts within 180 days after the final determination of the change
121.22 or correction, and concede the accuracy of the determination or provide a letter detailing
121.23 how the federal determination is incorrect or does not change the Minnesota gift tax. Any
121.24 taxpayer filing an amended federal gift tax return shall also file within 180 days an amended
121.25 return under this chapter and shall include any information the commissioner requires. The
121.26 time for filing the report or amended return may be extended by the commissioner upon due
121.27 cause shown. Notwithstanding any limitation of time in this chapter, if, upon examination,
121.28 the commissioner finds that the taxpayer is liable for the payment of an additional tax, the
121.29 commissioner shall, within a reasonable time from the receipt of the report or amended
121.30 return, notify the taxpayer of the amount of additional tax, together with interest computed
121.31 at the rate under section 270C.40 from the date when the original tax was due and payable.
121.32 Within 30 days of the mailing of the notice, the taxpayer shall pay the commissioner the
121.33 amount of the additional tax and interest. If, upon examination of the report or amended
121.34 return and related information, the commissioner finds that the taxpayer has overpaid the
121.35 tax due the state, the commissioner shall refund the overpayment to the taxpayer.

122.1 Subd. 4. **Application of federal rules.** In administering the tax under this chapter,
122.2 the commissioner shall apply the provisions of sections 2701 to 2704 of the Internal
122.3 Revenue Code. The words "secretary or his delegate," as used in those sections of the
122.4 Internal Revenue Code, mean the commissioner.

122.5 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
122.6 30, 2013.

122.7 Sec. 15. **[292.22] CREDIT AGAINST ESTATE TAX.**

122.8 A credit is allowed against the estate tax imposed under chapter 291 in the amount
122.9 of any tax imposed and paid under this chapter for a gift includable in the Minnesota
122.10 adjusted taxable estate of the donor under section 291.005.

122.11 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June
122.12 30, 2013.

ARTICLE 8

SALES AND USE TAX; LOCAL SALES TAXES

122.15 Section 1. Minnesota Statutes 2012, section 297A.61, subdivision 3, is amended to read:

122.16 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited
122.17 to, each of the transactions listed in this subdivision.

122.18 (b) Sale and purchase include:

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

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

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

122.27 (d) Sale and purchase include the preparing for a consideration of food.

122.28 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited
122.29 to, the following:

122.30 (1) prepared food sold by the retailer;

122.31 (2) soft drinks;

122.32 (3) candy;

122.33 (4) dietary supplements; and

123.1 (5) all food sold through vending machines.

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

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

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

123.8 (1) the privilege of admission to places of amusement, recreational areas, or athletic
123.9 events, including seat licenses, the rental of box seats, suites, sky boxes, and similar
123.10 facilities in stadiums and arenas and the making available of amusement devices, tanning
123.11 facilities, reducing salons, steam baths, Turkish baths, health clubs, and spas or athletic
123.12 facilities;

123.13 (2) lodging and related services by a hotel, rooming house, resort, campground,
123.14 motel, or trailer camp, including furnishing the guest of the facility with access to
123.15 telecommunication services, and the granting of any similar license to use real property in
123.16 a specific facility, other than the renting or leasing of it for a continuous period of 30 days
123.17 or more under an enforceable written agreement that may not be terminated without prior
123.18 notice and including accommodations intermediary services provided in connection with
123.19 other services provided under this clause;

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

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

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

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

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

123.32 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
123.33 material used in road construction; and delivery of concrete block by a third party if the
123.34 delivery would be subject to the sales tax if provided by the seller of the concrete block; and

123.35 (6) services as provided in this clause:

- 124.1 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
124.2 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
124.3 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
124.4 include services provided by coin operated facilities operated by the customer;
- 124.5 (ii) motor vehicle washing, waxing, and cleaning services, including services
124.6 provided by coin operated facilities operated by the customer, and rustproofing,
124.7 undercoating, and towing of motor vehicles;
- 124.8 (iii) building and residential cleaning, maintenance, and disinfecting services and
124.9 pest control and exterminating services;
- 124.10 (iv) detective, security, burglar, fire alarm, and armored car services; but not including
124.11 services performed within the jurisdiction they serve by off-duty licensed peace officers as
124.12 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization
124.13 for monitoring and electronic surveillance of persons placed on in-home detention
124.14 pursuant to court order or under the direction of the Minnesota Department of Corrections;
- 124.15 (v) pet grooming services;
- 124.16 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
124.17 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor
124.18 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land
124.19 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for
124.20 public utility lines. Services performed under a construction contract for the installation of
124.21 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;
- 124.22 (vii) massages, except when provided by a licensed health care facility or
124.23 professional or upon written referral from a licensed health care facility or professional for
124.24 treatment of illness, injury, or disease; and
- 124.25 (viii) the furnishing of lodging, board, and care services for animals in kennels and
124.26 other similar arrangements, but excluding veterinary and horse boarding services.

124.27 In applying the provisions of this chapter, the terms "tangible personal property"
124.28 and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii),
124.29 and the provision of these taxable services, unless specifically provided otherwise.
124.30 Services performed by an employee for an employer are not taxable. Services performed
124.31 by a partnership or association for another partnership or association are not taxable if
124.32 one of the entities owns or controls more than 80 percent of the voting power of the
124.33 equity interest in the other entity. Services performed between members of an affiliated
124.34 group of corporations are not taxable. For purposes of the preceding sentence, "affiliated
124.35 group of corporations" means those entities that would be classified as members of an

125.1 affiliated group as defined under United States Code, title 26, section 1504, disregarding
125.2 the exclusions in section 1504(b).

125.3 For purposes of clause (5), "road construction" means construction of (1) public
125.4 roads, (2) cartways, and (3) private roads in townships located outside of the seven-county
125.5 metropolitan area up to the point of the emergency response location sign.

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

125.10 (i) A sale and a purchase includes the furnishing for a consideration of
125.11 telecommunications services, ancillary services associated with telecommunication
125.12 services, cable television services, and direct satellite services. Telecommunication
125.13 services include, but are not limited to, the following services, as defined in section
125.14 297A.669: air-to-ground radiotelephone service, mobile telecommunication service,
125.15 postpaid calling service, prepaid calling service, prepaid wireless calling service, and
125.16 private communication services. The services in this paragraph are taxed to the extent
125.17 allowed under federal law.

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

125.21 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer
125.22 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)
125.23 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section
125.24 59B.02, subdivision 11.

125.25 **EFFECTIVE DATE.** This section is effective for sales made after June 30, 2013.

125.26 Sec. 2. Minnesota Statutes 2012, section 297A.61, subdivision 4, is amended to read:

125.27 Subd. 4. **Retail sale.** (a) A "retail sale" means any sale, lease, or rental for any
125.28 purpose, other than resale, sublease, or subrent of items by the purchaser in the normal
125.29 course of business as defined in subdivision 21.

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

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

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

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

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

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

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

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

126.21 (j) Except as otherwise provided in this paragraph, a sale of machines, equipment,
126.22 or devices that are used to furnish, provide, or dispense goods or services, including,
126.23 but not limited to, coin-operated devices, is a retail sale and is not considered a sale of
126.24 property for resale. A sale of coin-operated entertainment and amusement machines,
126.25 including, but not limited to, fortune-telling machines, cranes, foosball and pool tables,
126.26 video and pinball games, batting cages, rides, photo or video booths, and jukeboxes is a
126.27 sale of property for resale.

126.28 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
126.29 payment becomes due under the terms of the agreement or the trade practices of the lessor
126.30 or; (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision
126.31 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than
126.32 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is
126.33 executed; or (3) for rent-to-own or lease-to-own used vehicles where the lessee may
126.34 purchase or return the vehicle at any time without penalty, at the time each payment is
126.35 made under the terms of the agreement.

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

127.3 (m) A sale of a bundled transaction in which one or more of the products included
127.4 in the bundle is a taxable product is a retail sale, except that if one of the products
127.5 is a telecommunication service, ancillary service, Internet access, or audio or video
127.6 programming service, and the seller has maintained books and records identifying through
127.7 reasonable and verifiable standards the portions of the price that are attributable to the
127.8 distinct and separately identifiable products, then the products are not considered part of a
127.9 bundled transaction. For purposes of this paragraph:

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

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

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

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

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

127.26 (2) in order to calculate the sales price of the paint and materials, use a method
127.27 which estimates the amount and monetary value of the paint and materials used in
127.28 the repair of the motor vehicle by multiplying the number of labor hours by a rate of
127.29 consideration for the paint and materials used in the repair of the motor vehicle following
127.30 industry standard practices that fairly calculate the gross receipts from the retail sale of
127.31 the motor vehicle repair paint and motor vehicle repair materials. An industry standard
127.32 practice fairly calculates the gross receipts if the sales price of the paint and materials used
127.33 or consumed in the repair of a motor vehicle equals or exceeds the purchase price paid
127.34 by the motor vehicle repair or body shop business. Under this clause, the invoice must
127.35 either separately state the "paint and materials" as a single taxable item, or separately state

128.1 "paint" as a taxable item and "materials" as a taxable item. This clause does not apply to
128.2 wholesale transactions at an auto auction facility.

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

128.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
128.7 June 30, 2013.

128.8 Sec. 3. Minnesota Statutes 2012, section 297A.61, is amended by adding a subdivision
128.9 to read:

128.10 Subd. 49. **Motor vehicle repair paint and motor vehicle repair materials.** "Motor
128.11 vehicle repair paint" means a substance composed of solid matter suspended in a liquid
128.12 medium and applied as a protective or decorative coating to the surface of a motor vehicle in
128.13 order to restore the motor vehicle to its original condition, and includes primer, body paint,
128.14 clear coat, and paint thinner used to paint motor vehicles, as defined in section 297B.01.

128.15 "Motor vehicle repair materials" means items, other than motor vehicle repair paint
128.16 or motor vehicle parts, that become a part of a repaired motor vehicle or are consumed in
128.17 repairing the motor vehicle at retail, and include abrasives, battery water, body filler or
128.18 putty, bolts and nuts, brake fluid, buffing pads, chamois, cleaning compounds, degreasing
128.19 compounds, glaze, grease, grinding discs, hydraulic jack oil, lubricants, masking tape,
128.20 oxygen and acetylene, polishes, rags, razor blades, sandpaper, sanding discs, scuff pads,
128.21 sealer, solder, solvents, striping tape, tack cloth, thinner, waxes, and welding rods. Motor
128.22 vehicle repair materials do not include items that are not used directly on the motor vehicle,
128.23 such as floor dry that is used to clean the shop, or cleaning compounds and rags that are
128.24 used to clean tools, equipment, or the shop and are not used to clean the motor vehicle.

128.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
128.26 June 30, 2013.

128.27 Sec. 4. Minnesota Statutes 2012, section 297A.64, subdivision 1, is amended to read:

128.28 Subdivision 1. **Tax imposed.** (a) A tax is imposed on the lease or rental in this
128.29 state for not more than 28 days of a passenger automobile as defined in section 168.002,
128.30 subdivision 24, a van as defined in section 168.002, subdivision 40, or a pickup truck as
128.31 defined in section 168.002, subdivision 26. The rate of tax is ~~6.2~~ 9.2 percent of the sales
128.32 price. The tax applies whether or not the vehicle is licensed in the state.

129.1 (b) The provisions of this subdivision do not apply to the vehicles of a nonprofit
129.2 corporation or similar entity, consisting of members who pay the organization for the
129.3 use of a motor vehicle, if the organization:

129.4 (1) owns or leases a fleet of vehicles of the type subject to the tax under paragraph (a)
129.5 that are available to its members for use, priced on the basis of intervals of one hour or less;

129.6 (2) parks its vehicles at unstaffed, self-service locations that are accessible to its
129.7 members at any time; and

129.8 (3) maintains its vehicles, insures its vehicles on behalf of its members, and
129.9 purchases fuel for its fleet.

129.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
129.11 June 30, 2013.

129.12 Sec. 5. Minnesota Statutes 2012, section 297A.64, subdivision 2, is amended to read:

129.13 Subd. 2. **Fee imposed.** (a) A fee equal to five percent of the sales price is imposed
129.14 on leases or rentals of vehicles subject to the tax under subdivision 1, paragraph (a). The
129.15 lessor on the invoice to the customer may designate the fee as "a fee imposed by the State
129.16 of Minnesota for the registration of rental cars."

129.17 (b) The provisions of this subdivision do not apply to the vehicles of a nonprofit
129.18 ~~corporation or similar entity, consisting of individual or group members who pay the~~
129.19 ~~organization for the use of a motor vehicle, if the organization:~~

129.20 ~~(1) owns or leases a fleet of vehicles of the type subject to the tax under subdivision 1~~
129.21 ~~that are available to its members for use, priced on the basis of intervals of one hour or less;~~

129.22 ~~(2) parks its vehicles at unstaffed, self-service locations that are accessible at any~~
129.23 ~~time of the day;~~

129.24 ~~(3) maintains its vehicles, insures its vehicles on behalf of its members, and~~
129.25 ~~purchases fuel for its fleet; and~~

129.26 ~~(4) does not charge usage rates that decline on a per unit basis, whether specified~~
129.27 ~~based on distance or time~~ exempt from the tax imposed under subdivision 1, paragraph (b).

129.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
129.29 June 30, 2013.

129.30 Sec. 6. Minnesota Statutes 2012, section 297A.66, is amended by adding a subdivision
129.31 to read:

130.1 Subd. 4a. **Solicitor.** (a) "Solicitor," for purposes of subdivision 1, paragraph (a),
130.2 means a person, whether an independent contractor or other representative, who directly
130.3 or indirectly solicits business for the retailer.

130.4 (b) A retailer is presumed to have a solicitor in this state if it enters into an agreement
130.5 with a resident under which the resident, for a commission or other consideration, directly
130.6 or indirectly refers potential customers, whether by a link on an Internet Web site, or
130.7 otherwise, to the seller. This paragraph only applies if the total gross receipts are at least
130.8 \$10,000 in the 12-month period ending on the last day of the most recent calendar quarter
130.9 before the calendar quarter in which the sale is made. For purposes of this paragraph,
130.10 gross receipts means receipts from sales to customers located in the state who were
130.11 referred to the retailer by all residents with this type of agreement with the retailer.

130.12 (c) The presumption under paragraph (b) may be rebutted by proof that the resident
130.13 with whom the seller has an agreement did not engage in any solicitation in the state
130.14 on behalf of the retailer that would satisfy the nexus requirement of the United States
130.15 Constitution during the 12-month period in question. Nothing in this section shall be
130.16 construed to narrow the scope of the terms affiliate, agent, salesperson, canvasser, or other
130.17 representative for purposes of subdivision 1, paragraph (a).

130.18 (d) For purposes of this paragraph, "resident" includes an individual who is a
130.19 resident of this state, as defined in section 290.01, or a business that owns tangible
130.20 personal property located in this state or has one or more employees providing services for
130.21 the business in this state.

130.22 (e) This subdivision does not apply to chapter 290 and does not expand or contract
130.23 the jurisdiction to tax a trade or business under chapter 290.

130.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
130.25 June 30, 2013.

130.26 Sec. 7. Minnesota Statutes 2012, section 297A.668, is amended by adding a
130.27 subdivision to read:

130.28 Subd. 6a. **Multiple points of use.** (a) Notwithstanding the provisions of subdivisions
130.29 2 to 5, a business purchaser that is not a holder of a direct pay permit that knows at the
130.30 time of its purchase of a digital good, computer software delivered electronically, or a
130.31 service that the digital good, computer software delivered electronically, or service will be
130.32 concurrently available for use in more than one jurisdiction shall deliver to the seller in
130.33 conjunction with its purchase a multiple points of use exemption certificate disclosing
130.34 this fact.

131.1 (b) Upon receipt of the multiple points of use certificate, the seller is relieved of the
131.2 obligation to collect, pay, or remit the applicable tax and the purchaser is obligated to
131.3 collect, pay, or remit the applicable tax on a direct pay basis.

131.4 (c) A purchaser delivering the multiple points of use exemption certificate may use
131.5 any reasonable, but consistent and uniform, method of apportionment that is supported by
131.6 the purchaser's business records as they exist at the time of the consummation of the sale.

131.7 (d) The multiple points of use exemption certificate remains in effect for all future
131.8 sales by the seller to the purchaser until it is revoked in writing, except as to the subsequent
131.9 sale's specific apportionment that is governed by the principle of paragraph (c) and the
131.10 facts existing at the time of the sale.

131.11 (e) A holder of a direct pay permit is not required to deliver a multiple points of use
131.12 exemption certificate to the seller. A direct pay permit holder shall follow the provisions
131.13 of paragraph (c) in apportioning the tax due on a digital good, computer software delivered
131.14 electronically, or a service that will be concurrently available for use in more than one
131.15 jurisdiction.

131.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
131.17 June 30, 2013.

131.18 Sec. 8. Minnesota Statutes 2012, section 297A.67, subdivision 7, is amended to read:

131.19 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical
131.20 devices for human use are exempt:

131.21 (1) drugs, including over-the-counter drugs;

131.22 (2) single-use finger-pricking devices for the extraction of blood and other single-use
131.23 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating
131.24 diabetes;

131.25 (3) insulin and medical oxygen for human use, regardless of whether prescribed
131.26 or sold over the counter;

131.27 (4) prosthetic devices;

131.28 (5) durable medical equipment for home use only;

131.29 (6) mobility enhancing equipment;

131.30 (7) prescription corrective eyeglasses; and

131.31 (8) kidney dialysis equipment, including repair and replacement parts.

131.32 (b) Items purchased in transactions covered by:

131.33 (1) Medicare as defined under title XVIII of the Social Security Act, United States
131.34 Code, title 42, sections 1395, et seq.; or

132.1 (2) Medicaid as defined under title XIX of the Social Security Act, United States
132.2 Code, title 42, sections 1396, et seq.

132.3 ~~(b)~~ (c) For purposes of this subdivision:

132.4 (1) "Drug" means a compound, substance, or preparation, and any component of
132.5 a compound, substance, or preparation, other than food and food ingredients, dietary
132.6 supplements, or alcoholic beverages that is:

132.7 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
132.8 Pharmacopoeia of the United States, or official National Formulary, and supplement
132.9 to any of them;

132.10 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention
132.11 of disease; or

132.12 (iii) intended to affect the structure or any function of the body.

132.13 (2) "Durable medical equipment" means equipment, including repair and
132.14 replacement parts and all accessories and supplies, including single patient use items
132.15 required for the effective use of the durable medical equipment device, but not including
132.16 mobility enhancing equipment, that:

132.17 (i) can withstand repeated use;

132.18 (ii) is primarily and customarily used to serve a medical purpose;

132.19 (iii) generally is not useful to a person in the absence of illness or injury; and

132.20 (iv) is not worn in or on the body.

132.21 For purposes of this clause, "repair and replacement parts" includes all components
132.22 or attachments used in conjunction with the durable medical equipment, ~~but does not~~
132.23 ~~include~~ including repair and replacement parts which are for single patient use only.

132.24 (3) "Mobility enhancing equipment" means equipment, including repair and
132.25 replacement parts, but not including durable medical equipment, that:

132.26 (i) is primarily and customarily used to provide or increase the ability to move from
132.27 one place to another and that is appropriate for use either in a home or a motor vehicle;

132.28 (ii) is not generally used by persons with normal mobility; and

132.29 (iii) does not include any motor vehicle or equipment on a motor vehicle normally
132.30 provided by a motor vehicle manufacturer.

132.31 (4) "Over-the-counter drug" means a drug that contains a label that identifies the
132.32 product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The
132.33 label must include a "drug facts" panel or a statement of the active ingredients with a list of
132.34 those ingredients contained in the compound, substance, or preparation. Over-the-counter
132.35 drugs do not include grooming and hygiene products, regardless of whether they otherwise

133.1 meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions,
133.2 shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

133.3 (5) "Prescribed" and "prescription" means a direction in the form of an order,
133.4 formula, or recipe issued in any form of oral, written, electronic, or other means of
133.5 transmission by a duly licensed health care professional.

133.6 (6) "Prosthetic device" means a replacement, corrective, or supportive device,
133.7 including repair and replacement parts, and all necessary accessories, supplies, and items
133.8 required for the effective use of the prosthetic device, worn on or in the body to:

133.9 (i) artificially replace a missing portion of the body;

133.10 (ii) prevent or correct physical deformity or malfunction; or

133.11 (iii) support a weak or deformed portion of the body.

133.12 Prosthetic device does not include corrective eyeglasses.

133.13 (7) "Kidney dialysis equipment" means equipment that:

133.14 (i) is used to remove waste products that build up in the blood when the kidneys are
133.15 not able to do so on their own; and

133.16 (ii) can withstand repeated use, including multiple use by a single patient,
133.17 notwithstanding the provisions of clause (2).

133.18 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of
133.19 the item purchased in the transaction is paid for or reimbursed by the federal government
133.20 or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private
133.21 insurance company administering the Medicare or Medicaid program on behalf of the
133.22 federal government or the state of Minnesota, or by a managed care organization for the
133.23 benefit of a patient enrolled in a prepaid program that furnishes medical services in lieu
133.24 of conventional Medicare or Medicaid coverage pursuant to agreement with the federal
133.25 government or the state of Minnesota.

133.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
133.27 June 30, 2013.

133.28 Sec. 9. Minnesota Statutes 2012, section 297A.70, subdivision 4, is amended to read:

133.29 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph
133.30 (b), to the following "nonprofit organizations" are exempt:

133.31 (1) a corporation, society, association, foundation, or institution organized and
133.32 operated exclusively for charitable, religious, or educational purposes if the item

133.33 purchased is used in the performance of charitable, religious, or educational functions; and

133.34 (2) any senior citizen group or association of groups that:

134.1 (i) in general limits membership to persons who are either age 55 or older, or
134.2 physically disabled;

134.3 (ii) is organized and operated exclusively for pleasure, recreation, and other
134.4 nonprofit purposes, not including housing, no part of the net earnings of which inures to
134.5 the benefit of any private shareholders; and

134.6 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.
134.7 For purposes of this subdivision, charitable purpose includes the maintenance of a
134.8 cemetery owned by a religious organization.

134.9 (b) This exemption does not apply to the following sales:

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

134.14 (2) construction materials purchased by tax-exempt entities or their contractors to
134.15 be used in constructing buildings or facilities that will not be used principally by the
134.16 tax-exempt entities; and

134.17 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
134.18 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
134.19 297A.67, subdivision 2, except wine purchased by an established religious organization
134.20 for sacramental purposes or as allowed under subdivision 9a; and

134.21 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
134.22 as provided in paragraph (c).

134.23 (c) This exemption applies to the leasing of a motor vehicle as defined in section
134.24 297B.01, subdivision 11, only if the vehicle is:

134.25 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
134.26 passenger automobile, as defined in section 168.002, if the automobile is designed and
134.27 used for carrying more than nine persons including the driver; and

134.28 (2) intended to be used primarily to transport tangible personal property or
134.29 individuals, other than employees, to whom the organization provides service in
134.30 performing its charitable, religious, or educational purpose.

134.31 (d) A limited liability company also qualifies for exemption under this subdivision if
134.32 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
134.33 purchased qualify for the exemption.

134.34 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
134.35 made after June 30, 2012.

Sec. 10. Minnesota Statutes 2012, section 297A.70, subdivision 8, is amended to read:

Subd. 8. **Regionwide Public safety radio communication system systems; products and services.** (a) Products and services including, but not limited to, end user equipment used for construction, ownership, operation, maintenance, and enhancement of the backbone system of the regionwide public safety radio communication system established under sections 403.21 to 403.40, are exempt. For purposes of this subdivision, backbone system is defined in section 403.21, subdivision 9. This subdivision is effective for purchases, sales, storage, use, or consumption for use in the first and second phases of the system, as defined in section 403.21, subdivisions 3, 10, and 11, that portion of the third phase of the system that is located in the southeast district of the State Patrol and the counties of Benton, Sherburne, Stearns, and Wright, and that portion of the system that is located in Itasca County.

(b) Products and services, including, but not limited to, end-user equipment used for construction, ownership, operation, maintenance, and enhancement of public safety radio communication systems not already exempt under paragraph (a), including public safety radio dispatch centers, are exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013.

Sec. 11. Minnesota Statutes 2012, section 297A.70, is amended by adding a subdivision to read:

Subd. 9a. **Established religious orders.** (a) Sales of lodging, prepared food, candy, soft drinks, and alcoholic beverages at noncatered events between an established religious order and an affiliated institution of higher education are exempt.

(b) For purposes of this subdivision, "established religious order" means an organization directly or indirectly under the control or supervision of a church or convention or association of churches, where members of the organization:

(1) normally live together as part of a community;
(2) make long-term commitments to live under a strict set of moral and spiritual rules; and

(3) work or engage full time in a combination of prayer, religious study, church reform or renewal, or other religious, educational, or charitable goals of the organization.

(c) For purposes of this subdivision, an institution of higher education is "affiliated" with an established religious order if members of the religious order are represented on the governing board of the institution of higher education and the two organization share campus space and common facilities.

136.1 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
136.2 made after June 30, 2012.

136.3 Sec. 12. Minnesota Statutes 2012, section 297A.70, is amended by adding a
136.4 subdivision to read:

136.5 **Subd. 18. Nursing homes and boarding care homes.** (a) All sales, except those
136.6 listed in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding
136.7 care home certified as a nursing facility under title 19 of the Social Security Act are
136.8 exempt if the facility:

136.9 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the
136.10 Internal Revenue Code; and

136.11 (2) is certified to participate in the medical assistance program under title 19 of the
136.12 Social Security Act, or certifies to the commissioner that it does not discharge residents
136.13 due to the inability to pay.

136.14 (b) This exemption does not apply to the following sales:

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

136.19 (2) construction materials purchased by tax-exempt entities or their contractors to
136.20 be used in constructing buildings or facilities that will not be used principally by the
136.21 tax-exempt entities;

136.22 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
136.23 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
136.24 297A.67, subdivision 2; and

136.25 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
136.26 as provided in paragraph (c).

136.27 (c) This exemption applies to the leasing of a motor vehicle as defined in section
136.28 297B.01, subdivision 11, only if the vehicle is:

136.29 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a
136.30 passenger automobile, as defined in section 168.002, if the automobile is designed and
136.31 used for carrying more than nine persons including the driver; and

136.32 (2) intended to be used primarily to transport tangible personal property or residents
136.33 of the nursing home or boarding care home.

136.34 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
136.35 June 30, 2013.

Sec. 13. Minnesota Statutes 2012, section 297A.71, is amended by adding a subdivision to read:

Subd. 45. Industrial measurement manufacturing and controls facility. (a) Materials and supplies used or consumed in, capital equipment incorporated into, fixtures installed in, and privately owned infrastructure in support of the construction, improvement, or expansion of an industrial measurement manufacturing and controls facility are exempt if:

(1) the total capital investment made at the facility is at least \$60,000,000;

(2) the facility employs at least 250 full-time equivalent employees that are not employees currently employed by the company in the state; and

(3) the Department of Employment and Economic Development determines that the expansion, remodeling, or improvement of the facility has a significant impact on the state economy.

(b) The tax must be imposed and collected as if the rate under section 297A.62, subdivisions 1 and 1a, applied and refunded in the manner provided in section 297A.75, only after the following criteria are met:

(1) a refund may not be issued until the owner of the facility has received certification from the Department of Employment and Economic Development that the company meets the requirements in paragraph (a); and

(2) to receive the refund, the owner of the industrial measurement manufacturing and controls facility must initially apply to the Department of Employment and Economic Development for certification no later than one year from the final completion date of construction, improvement, or expansion of the industrial measurement manufacturing and controls facility.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013, and before December 31, 2015.

Sec. 14. Minnesota Statutes 2012, section 297A.71, is amended by adding a subdivision to read:

Subd. 46. Building materials; resorts and recreational camping areas. Materials and supplies used or consumed in, and equipment incorporated into, the improvement of an existing structure located at a resort, as defined in section 157.15, subdivision 11, or recreational camping area, as defined in section 327.14, are exempt. The tax on purchases exempt under this provision must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. For purposes of this subdivision, a structure includes a cabin located on resort

138.1 property and any other structure available for use by guests of the resort or recreational
138.2 camping area.

138.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
138.4 June 30, 2013.

138.5 Sec. 15. Minnesota Statutes 2012, section 297A.71, is amended by adding a
138.6 subdivision to read:

138.7 Subd. 47. **Biopharmaceutical manufacturing facility.** (a) Materials and
138.8 supplies used or consumed in, capital equipment incorporated into, and privately
138.9 owned infrastructure in support of the construction, improvement, or expansion of a
138.10 biopharmaceutical manufacturing facility in the state are exempt if the following criteria
138.11 are met:

138.12 (1) the facility is used for the manufacturing of biologics;

138.13 (2) the total capital investment made at the facility exceeds \$50,000,000; and

138.14 (3) the facility creates and maintains at least 190 full-time equivalent positions at the
138.15 facility. These positions must be new jobs in Minnesota and not the result of relocating
138.16 jobs that currently exist in Minnesota.

138.17 (b) The tax must be imposed and collected as if the rate under section 297A.62,
138.18 subdivision 1, applied, and refunded in the manner provided in section 297A.75.

138.19 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing
138.20 facility must:

138.21 (1) initially apply to the Department of Employment and Economic Development
138.22 for certification no later than one year from the final completion date of construction,
138.23 improvement, or expansion of the facility; and

138.24 (2) for each year that the owner of the biopharmaceutical manufacturing facility
138.25 applies for a refund, the owner must have received written certification from the
138.26 Department of Employment and Economic Development that the facility has met the
138.27 criteria of paragraph (a).

138.28 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable
138.29 refund payable to date, with the commissioner making annual payments of the remaining
138.30 refund until all of the refund has been paid.

138.31 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are
138.32 interchangeable and mean medical drugs or medicinal preparations produced using
138.33 technology that uses biological systems, living organisms or derivatives of living
138.34 organisms, to make or modify products or processes for specific use. The medical drugs or

139.1 medicinal preparations include but are not limited to proteins, antibodies, nucleic acids,
139.2 and vaccines.

139.3 **EFFECTIVE DATE.** This section is effective retroactively to investments entered
139.4 into and jobs created after December 31, 2012, and effective retroactively for sales and
139.5 purchases made after December 31, 2012, and before July 1, 2019.

139.6 Sec. 16. Minnesota Statutes 2012, section 297A.75, subdivision 1, is amended to read:

139.7 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the
139.8 following exempt items must be imposed and collected as if the sale were taxable and the
139.9 rate under section 297A.62, subdivision 1, applied. The exempt items include:

139.10 (1) capital equipment exempt under section 297A.68, subdivision 5;

139.11 (2) building materials for an agricultural processing facility exempt under section
139.12 297A.71, subdivision 13;

139.13 (3) building materials for mineral production facilities exempt under section
139.14 297A.71, subdivision 14;

139.15 (4) building materials for correctional facilities under section 297A.71, subdivision 3;

139.16 (5) building materials used in a residence for disabled veterans exempt under section
139.17 297A.71, subdivision 11;

139.18 (6) elevators and building materials exempt under section 297A.71, subdivision 12;

139.19 (7) building materials for the Long Lake Conservation Center exempt under section
139.20 297A.71, subdivision 17;

139.21 (8) materials and supplies for qualified low-income housing under section 297A.71,
139.22 subdivision 23;

139.23 (9) materials, supplies, and equipment for municipal electric utility facilities under
139.24 section 297A.71, subdivision 35;

139.25 (10) equipment and materials used for the generation, transmission, and distribution
139.26 of electrical energy and an aerial camera package exempt under section 297A.68,
139.27 subdivision 37;

139.28 (11) commuter rail vehicle and repair parts under section 297A.70, subdivision 3,
139.29 paragraph (a), clause (10);

139.30 (12) materials, supplies, and equipment for construction or improvement of projects
139.31 and facilities under section 297A.71, subdivision 40;

139.32 (13) materials, supplies, and equipment for construction or improvement of a meat
139.33 processing facility exempt under section 297A.71, subdivision 41;

139.34 (14) materials, supplies, and equipment for construction, improvement, or
139.35 expansion of an aerospace defense manufacturing facility exempt under section 297A.71,

140.1 subdivision 42, and construction, expansion, or improvement of an industrial measurement
140.2 manufacturing and controls facility under section 297A.71, subdivision 45;
140.3 (15) enterprise information technology equipment and computer software for use in
140.4 a qualified data center exempt under section 297A.68, subdivision 42; ~~and~~
140.5 (16) materials, supplies, and equipment for qualifying capital projects under section
140.6 297A.71, subdivision 44;
140.7 (17) materials, supplies, and equipment for structure improvements at resort and
140.8 camping areas under section 297A.71, subdivision 46; and
140.9 (18) materials, supplies, and equipment for construction, improvement, or expansion
140.10 of a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
140.11 47.

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

140.13 Sec. 17. Minnesota Statutes 2012, section 297A.75, subdivision 2, is amended to read:

140.14 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
140.15 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items
140.16 must be paid to the applicant. Only the following persons may apply for the refund:

140.17 (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

140.18 (2) for subdivision 1, clauses (4) and (7), the applicant must be the governmental
140.19 subdivision;

140.20 (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits
140.21 provided in United States Code, title 38, chapter 21;

140.22 (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead
140.23 property;

140.24 (5) for subdivision 1, clause (8), the owner of the qualified low-income housing
140.25 project;

140.26 (6) for subdivision 1, clause (9), the applicant must be a municipal electric utility or
140.27 a joint venture of municipal electric utilities;

140.28 (7) for subdivision 1, clauses (10), (13), (14), ~~and (15), and (18)~~, the owner of the
140.29 qualifying business; ~~and~~

140.30 (8) for subdivision 1, clauses (11), (12), and (16), the applicant must be the
140.31 governmental entity that owns or contracts for the project or facility; and

140.32 (9) for subdivision 1, clause (17), the applicant must be the owner of the resort
140.33 or recreational camping facility.

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

Sec. 18. Minnesota Statutes 2012, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), ~~or~~ (16), (17), or (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009. Applications for refunds for purchases of items in section 297A.71, subdivision 47, must not be filed until after June 30, 2016, and only one refund may be filed annually thereafter.

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

Sec. 19. Minnesota Statutes 2012, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "net revenue" means an amount equal to:

(1) the revenues, including interest and penalties, collected under this section and on the leases under section 297A.61, subdivision 4, paragraph (k), clause (3), during the fiscal year; less

(2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal year 2013 and following fiscal years, \$32,000,000.

(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the revenues and subtraction under paragraph (a) for the current fiscal year.

(c) On or after July 1 of the subsequent fiscal year, the commissioner of management and budget shall transfer the net revenue as estimated in paragraph (b) from the general fund, as follows:

(1) 50 percent to the greater Minnesota transit account; and

(2) 50 percent to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121,

subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause.

(d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must be calculated using the following percentages of the total revenues:

(1) for fiscal year 2010, 83.75 percent; and

(2) for fiscal year 2011, 93.75 percent.

EFFECTIVE DATE. This section is effective for leases entered into after June 30, 2013.

Sec. 20. Minnesota Statutes 2012, section 469.190, is amended by adding a subdivision to read:

Subd. 1a. **Tax base; locally collected taxes.** A tax imposed on the gross receipts from lodging under this section or under a special law applies to the same base as taxes collected by the commissioner of revenue under subdivision 7 and section 270C.171.

EFFECTIVE DATE. This section is effective the day following final enactment. In enacting this section, the legislature confirms its original intent in enacting Minnesota Statutes, section 469.190, its predecessor provisions, and any special laws authorizing political subdivisions to impose lodging taxes, and that those taxes were and are intended to apply to the entire consideration paid to obtain access to transient lodging, including ancillary or related services, such as services provided by accommodation intermediaries as defined in Minnesota Statutes, section 297A.61, and similar services. The provisions of this section must not be interpreted to imply a narrower construction of the tax base under lodging tax provisions of Minnesota law prior to the enactment of this section.

Sec. 21. Minnesota Statutes 2012, section 469.190, subdivision 7, is amended to read:

Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

(b) If a tax imposed under this section or under a special law is not collected by the commissioner of revenue, the local government imposing the tax may only require an accommodations intermediary, as defined in section 297A.61, subdivision 47, to file

143.1 and remit the tax related to accommodations intermediary services once in every calendar
143.2 year. The local government must inform the tax intermediary of the date when the return
143.3 and remittance is due.

143.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
143.5 June 30, 2013.

143.6 Sec. 22. Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended by
143.7 Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, section
143.8 30, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First
143.9 Special Session chapter 3, article 5, section 26, and Laws 2009, chapter 88, article 4,
143.10 section 15, is amended to read:

143.11 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision
143.12 1 may only be used by the city to pay the cost of collecting the tax, and, except as provided in
143.13 paragraph (e), to pay for the following projects or to secure or pay any principal, premium,
143.14 or interest on bonds issued in accordance with subdivision 3 for the following projects.

143.15 (a) To pay all or a portion of the capital expenses of construction, equipment and
143.16 acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex,
143.17 including the demolition of the existing arena and the construction and equipping of a
143.18 new arena.

143.19 (b) Except as provided in paragraphs (e) and (f), the remainder of the funds must be
143.20 spent for:

143.21 (1) capital projects to further residential, cultural, commercial, and economic
143.22 development in both downtown St. Paul and St. Paul neighborhoods; and

143.23 (2) capital and operating expenses of cultural organizations in the city, provided
143.24 that the amount spent under this clause must equal ten percent of the total amount spent
143.25 under this paragraph in any year.

143.26 (c) The amount apportioned under paragraph (b) shall be no less than 60 percent
143.27 of the revenues derived from the tax each year, except to the extent that a portion of that
143.28 amount is required to pay debt service on (1) bonds issued for the purposes of paragraph (a)
143.29 prior to March 1, 1998; or (2) bonds issued for the purposes of paragraph (a) after March 1,
143.30 1998, but only if the city council determines that 40 percent of the revenues derived from
143.31 the tax together with other revenues pledged to the payment of the bonds, including the
143.32 proceeds of definitive bonds, is expected to exceed the annual debt service on the bonds.

143.33 (d) If in any year more than 40 percent of the revenue derived from the tax authorized
143.34 by subdivision 1 is used to pay debt service on the bonds issued for the purposes of
143.35 paragraph (a) and to fund a reserve for the bonds, the amount of the debt service payment

that exceeds 40 percent of the revenue must be determined for that year. In any year when 40 percent of the revenue produced by the sales tax exceeds the amount required to pay debt service on the bonds and to fund a reserve for the bonds under paragraph (a), the amount of the excess must be made available for capital projects to further residential, cultural, commercial, and economic development in the neighborhoods and downtown until the cumulative amounts determined for all years under the preceding sentence have been made available under this sentence. The amount made available as reimbursement in the preceding sentence is not included in the 60 percent determined under paragraph (c).

~~(e) In each of calendar years 2006 to 2014, revenue not to exceed \$3,500,000 may be used to pay the principal of bonds issued for capital projects of the city. After December 31, 2014, revenue from the tax imposed under subdivision 1 may not be used for this purpose. If the amount necessary to meet obligations under paragraphs (a) and (d) are less than 40 percent of the revenue from the tax in any year, the city may place the difference between 40 percent of the revenue and the amounts allocated under paragraphs (a) and (d) in an economic development fund to be used for any economic development purposes.~~

(f) By January 15 of each year, the mayor and the city council must report to the legislature on the use of sales tax revenues during the preceding one-year period.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of St. Paul with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. Laws 1993, chapter 375, article 9, section 46, subdivision 5, as amended by Laws 1998, chapter 389, article 8, section 32, is amended to read:

Subd. 5. **Expiration of taxing authority.** The authority granted by subdivision 1 to the city to impose a sales tax shall expire on December 31, ~~2030~~ 2042, or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of projects approved under subdivision 2, paragraph (a) and retirement or redemption of any bonds or other obligations may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of St. Paul with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009, chapter 88, article 4, section 19, and Laws 2010, chapter 389, article 5, section 3, is amended to read:

145.1 Sec. 25. **ROCHESTER LODGING TAX.**

145.2 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
145.3 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional
145.4 tax of one percent on the gross receipts from the furnishing for consideration of lodging at
145.5 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it
145.6 for a continuous period of 30 days or more.

145.7 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or
145.8 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city
145.9 of Rochester may impose an additional tax of ~~one~~ three percent on the gross receipts from
145.10 the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or
145.11 resort, other than the renting or leasing of it for a continuous period of 30 days or more only
145.12 upon the approval of the city governing body of a total financial package for the project.

145.13 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed
145.14 under subdivision 1 must be used by the city to fund a local convention or tourism bureau
145.15 for the purpose of marketing and promoting the city as a tourist or convention center.

145.16 (b) The gross proceeds from the ~~one~~ three percent tax imposed under subdivision
145.17 1a shall be used to pay for (1) design, construction, renovation, improvement, and
145.18 expansion of the Mayo Civic Center Complex and related infrastructure, including but not
145.19 limited to, skyway access, lighting, parking, or landscaping; and (2) for payment of any
145.20 principal, interest, or premium on bonds issued to finance the construction, renovation,
145.21 improvement, and expansion of the Mayo Civic Center Complex.

145.22 Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general
145.23 obligation bonds of the city, in one or more series, in the aggregate principal amount not to
145.24 exceed ~~\$43,500,000~~ \$50,000,000, to pay for capital and administrative costs for the design,
145.25 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex,
145.26 and related infrastructure, including but not limited to, skyway, access, lighting, parking,
145.27 and landscaping. The city may pledge the lodging tax authorized by subdivision 1a ~~and the~~
145.28 ~~food and beverage tax authorized under Laws 2009, chapter 88, article 4, section 23,~~ to the
145.29 payment of the bonds. The debt represented by the bonds is not included in computing any
145.30 debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes,
145.31 section 475.61, to pay the principal of and interest on the bonds is not subject to any levy
145.32 limitation or included in computing or applying any levy limitation applicable to the city.

145.33 Subd. 3. **Expiration of taxing authority.** ~~The authority of the city to impose a tax~~
145.34 ~~under subdivision 1a shall expire when the principal and interest on any bonds or other~~
145.35 ~~obligations issued prior to December 31, 2014, to finance the construction, renovation,~~
145.36 ~~improvement, and expansion of the Mayo Civic Center Complex and related skyway~~

146.1 ~~access, lighting, parking, or landscaping have been paid, including any bonds issued to~~
146.2 ~~refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any~~
146.3 ~~funds remaining after completion of the project and retirement or redemption of the bonds~~
146.4 ~~shall be placed in the general fund of the city. The city may, by ordinance, repeal the~~
146.5 ~~tax provided that:~~

146.6 (1) the revenues raised before the repeal are sufficient to meet all bond or other
146.7 obligations backed by revenues of the tax; and

146.8 (2) the repeal date meets the requirements of section 297A.99, subdivision 12.

146.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
146.10 the city of Rochester and its chief fiscal officer comply with Minnesota Statutes, section
146.11 645.021, subdivisions 2 and 3.

146.12 Sec. 25. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision
146.13 2, is amended to read:

146.14 Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by
146.15 subdivision 1 by the city of St. Cloud must be used for the cost of collecting and
146.16 administering the tax and to pay all or part of the capital or administrative costs of the
146.17 development, acquisition, construction, improvement, and securing and paying debt
146.18 service on bonds or other obligations issued to finance the following regional projects as
146.19 approved by the voters and specifically detailed in the referendum authorizing the tax or
146.20 extending the tax:

146.21 (1) St. Cloud Regional Airport;

146.22 (2) regional transportation improvements;

146.23 (3) regional community and aquatics and recreation centers and facilities;

146.24 (4) regional public libraries; and

146.25 (5) acquisition and improvement of regional park land and open space.

146.26 (b) Revenues received from the tax authorized by subdivision 1 by the cities of St.
146.27 Joseph, Waite Park, Sartell, Sauk Rapids, and St. Augusta must be used for the cost of
146.28 collecting and administering the tax and to pay all or part of the capital or administrative
146.29 costs of the development, acquisition, construction, improvement, and securing and paying
146.30 debt service on bonds or other obligations issued to fund the projects specifically approved
146.31 by the voters at the referendum authorizing the tax or extending the tax. The portion of
146.32 revenues from the city going to fund the regional airport or regional library located in the
146.33 city of St. Cloud will be as required under the applicable joint powers agreement.

147.1 (c) The use of revenues received from the taxes authorized in subdivision 1 for
147.2 projects allowed under paragraphs (a) and (b) are limited to the amount authorized for
147.3 each project under the enabling referendum.

147.4 **EFFECTIVE DATE.** This section is effective for a city that approves it the day
147.5 after compliance by the governing body of that city with Minnesota Statutes, section
147.6 645.021, subdivision 3.

147.7 Sec. 26. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision
147.8 4, is amended to read:

147.9 Subd. 4. **Termination of tax.** The tax imposed in the cities of St. Joseph, St. Cloud,
147.10 St. Augusta, Sartell, Sauk Rapids, and Waite Park under subdivision 1 expires when the
147.11 city council determines that sufficient funds have been collected from the tax to retire or
147.12 redeem the bonds and obligations authorized under subdivision 2, paragraph (a), but no
147.13 later than December 31, 2018. Notwithstanding Minnesota Statutes, section 297A.99,
147.14 subdivision 3, paragraphs (a), (c), and (d), a city may extend the tax imposed under
147.15 subdivision 1 through December 31, 2038, if approved under the referendum authorizing
147.16 the tax under subdivision 1 or if approved by voters of the city at a general election held
147.17 no later than November 6, 2018.

147.18 **EFFECTIVE DATE.** This section is effective for a city that approves it the day
147.19 after compliance by the governing body of that city with Minnesota Statutes, section
147.20 645.021, subdivision 3.

147.21 Sec. 27. Laws 2008, chapter 366, article 7, section 19, subdivision 3, as amended by
147.22 Laws 2011, First Special Session chapter 7, article 4, section 8, is amended to read:

147.23 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,
147.24 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be
147.25 used to pay for the costs of improvements to the Sportsman Park/Ballfields, Riverside
147.26 Park, Lions Park/Pavilion, Cedar South Park also known as Eldorado Park, and Spring
147.27 Street Park; improvements to and extension of the River County Bike Trail; acquisition;
147.28 and construction, improvement, and development of regional parks, bicycle trails, park
147.29 land, open space, and of a pedestrian walkways, as described in the city improvement
147.30 plan adopted by the city council by resolution on December 12, 2006, and walkway
147.31 over Interstate 94 and State Highway 24; and the acquisition of land and construction of
147.32 buildings for a community and recreation center. The total amount of revenues from the

148.1 taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000
148.2 plus any associated bond costs.

148.3 **EFFECTIVE DATE.** This section is effective the day after compliance by the
148.4 governing body of the city of Clearwater with Minnesota Statutes, section 645.021,
148.5 subdivisions 2 and 3.

148.6 Sec. 28. Laws 2010, chapter 389, article 5, section 6, subdivision 4, is amended to read:

148.7 Subd. 4. **Use of lodging tax revenues.** The revenues derived from the tax imposed
148.8 under subdivision 3 must be used by the city of Marshall to pay the costs of collecting
148.9 and administering the lodging tax, to pay all or part of the operating costs of the new and
148.10 existing facilities of the Minnesota Emergency Response and Industry Training Center,
148.11 including the payment of debt service on bonds issued under subdivision 2, and to pay
148.12 all or part of the operating costs of the facilities of the Southwest Minnesota Regional
148.13 Amateur Sports Center, including the payment of debt service on bonds issued under
148.14 subdivision 2. Authorized expenses include, but are not limited to, acquiring property;
148.15 predesign; design; and paying construction, furnishing, and equipment costs related to
148.16 these facilities and paying debt service on bonds or other obligations issued by the city.

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

148.18 Sec. 29. Laws 2010, chapter 389, article 5, section 6, subdivision 6, is amended to read:

148.19 Subd. 6. **Use of food and beverages tax.** The revenues derived from the tax
148.20 imposed under subdivision 5 must be used by the city of Marshall to pay the costs of
148.21 collecting and administering the food and beverages tax, to pay all or part of the operating
148.22 costs of the new and existing facilities of the Minnesota Emergency Response and
148.23 Industry Training Center, including the payment of debt service on bonds issued under
148.24 subdivision 2, and to pay all or part of the operating costs of the facilities of the Southwest
148.25 Minnesota Regional Amateur Sports Center, including the payment of debt service on
148.26 bonds issued under subdivision 2. Authorized expenses for each organization include,
148.27 but are not limited to, acquiring property; predesign; design; and paying construction,
148.28 furnishing, and equipment costs related to these facilities and paying debt service on
148.29 bonds or other obligations issued by the city.

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

148.31 Sec. 30. **CITY OF MARSHALL; VALIDATION OF PRIOR ACT.**

(a) Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Marshall may approve Laws 2010, chapter 389, article 5, section 6, as amended by Laws 2011, First Special Session chapter 7, article 4, section 9, and file its approval with the secretary of state by June 15, 2013. If approved as authorized under this paragraph, actions undertaken by the city pursuant to the approval of the voters on November 6, 2012, and otherwise in accordance with Laws 2010, chapter 389, article 5, section 6, as amended by Laws 2011, First Special Session chapter 7, article 4, section 9, are validated.

(b) Notwithstanding the time limit on the imposition of tax under Laws 2010, chapter 389, article 5, section 6, subdivision 1, as amended by Laws 2011, First Special Session chapter 7, article 4, section 9, and subject to local approval under paragraph (a), the city of Marshall may impose the tax on or before July 1, 2013.

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

Sec. 31. **CITY OF PROCTOR; VALIDATION OF PRIOR ACT.**

Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Proctor may approve, by resolution, Laws 2008, chapter 366, article 7, section 13, and Laws 2010, chapter 389, article 5, sections 1 and 2, and file its approval with the secretary of state by January 1, 2014. If approved under this paragraph, actions undertaken by the city pursuant to the approval of the voters on November 2, 2010, and otherwise in accordance with those laws are validated.

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

Sec. 32. **CITY OF BEMIDJI; LOCAL TAXES AUTHORIZED.**

Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the city of Bemidji may, by ordinance, impose a sales tax of up to one percent on the gross receipts of all food and beverages sold by a restaurant or place of refreshment located within the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Lodging tax.** Notwithstanding Minnesota Statutes, section 469.190 or 477A.016, or any other provision of law, ordinance, or city charter, the city of Bemidji may impose, by ordinance, a tax of up to one percent on the gross receipts for the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than for the renting or leasing of it for a continuous period of 30 days or more.

150.1 Subd. 3. Use of proceeds from authorized taxes. The proceeds of the taxes
150.2 imposed under subdivisions 1 and 2 must only be used by the city to fund the costs of
150.3 operation, maintenance, and capital replacement costs for the Sanford Center.

150.4 Subd. 4. **Collection, administration, and enforcement.** The city may enter into
150.5 an agreement with the commissioner of revenue to administer, collect, and enforce the
150.6 taxes under subdivisions 1 and 2. If the commissioner agrees to collect the tax, the
150.7 provisions of Minnesota Statutes, section 297A.99, related to collection, administration,
150.8 and enforcement, and Minnesota Statutes, section 270C.171, apply.

150.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
150.10 the city of Bemidji and its chief clerical officer comply with Minnesota Statutes, section
150.11 645.021, subdivisions 2 and 3.

150.12 **Sec. 33. REPEALER.**

150.13 Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter 389,
150.14 article 5, section 4, is repealed.

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

ARTICLE 9

ECONOMIC DEVELOPMENT

150.18 Section 1. Minnesota Statutes 2012, section 469.071, subdivision 5, is amended to read:

150.19 Subd. 5. **Exception; parking facilities.** Notwithstanding section 469.068, the
150.20 Bloomington port authority need not require competitive bidding with respect to a
150.21 structured parking facility or other public improvements constructed in conjunction with,
150.22 and directly above or below, or adjacent and integrally related to, a development and
150.23 financed with the proceeds of tax increment ~~or~~₂ revenue bonds, or other funds of the
150.24 port authority and the city of Bloomington.

150.25 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
150.26 body of the city of Bloomington with the requirements of Minnesota Statutes, section
150.27 645.021, subdivision 3.

150.28 Sec. 2. Minnesota Statutes 2012, section 469.169, is amended by adding a subdivision
150.29 to read:

150.30 Subd. 19. **Additional border city allocation; 2013.** (a) In addition to the tax
150.31 reductions authorized in subdivisions 12 to 18, the commissioner shall allocate \$750,000

151.1 for tax reductions to border city enterprise zones in cities located on the western border
 151.2 of the state. The commissioner shall allocate this amount among cities on a per capita
 151.3 basis. Allocations made under this subdivision may be used for tax reductions under
 151.4 section 469.171, or for other offsets of taxes imposed on or remitted by businesses located
 151.5 in the enterprise zone, but only if the municipality determines that the granting of the tax
 151.6 reduction or offset is necessary to retain a business within or attract a business to the zone.
 151.7 The city alternatively may elect to use any portion of the allocation under this paragraph
 151.8 for tax reductions under section 469.1732 or 469.1734.

151.9 (b) The commissioner shall allocate \$750,000 for tax reductions under section
 151.10 469.1732 or 469.1734 to cities with border city enterprise zones located on the western
 151.11 border of the state. The commissioner shall allocate this amount among the cities on a per
 151.12 capita basis. The city alternatively may elect to use any portion of the allocation provided
 151.13 in this paragraph for tax reductions under section 469.171.

151.14 **EFFECTIVE DATE.** This section is effective July 1, 2013.

151.15 Sec. 3. Minnesota Statutes 2012, section 469.176, subdivision 4c, is amended to read:

151.16 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment
 151.17 from an economic development district may not be used to provide improvements, loans,
 151.18 subsidies, grants, interest rate subsidies, or assistance in any form to developments
 151.19 consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and
 151.20 facilities (determined on the basis of square footage) are used for a purpose other than:

151.21 (1) the manufacturing or production of tangible personal property, including
 151.22 processing resulting in the change in condition of the property;

151.23 (2) warehousing, storage, and distribution of tangible personal property, excluding
 151.24 retail sales;

151.25 (3) research and development related to the activities listed in clause (1) or (2);

151.26 (4) telemarketing if that activity is the exclusive use of the property;

151.27 (5) tourism facilities; or

151.28 (6) ~~qualified border retail facilities; or~~

151.29 ~~(7) space necessary for and related to the activities listed in clauses (1) to (6)~~ (5).

151.30 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
 151.31 increment from an economic development district may be used to provide improvements,
 151.32 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
 151.33 square feet of any separately owned commercial facility located within the municipal
 151.34 jurisdiction of a small city, if the revenues derived from increments are spent only to
 151.35 assist the facility directly or for administrative expenses, the assistance is necessary to

152.1 develop the facility, and all of the increments, except those for administrative expenses,
152.2 are spent only for activities within the district.

152.3 (c) A city is a small city for purposes of this subdivision if the city was a small city
152.4 in the year in which the request for certification was made and applies for the rest of
152.5 the duration of the district, regardless of whether the city qualifies or ceases to qualify
152.6 as a small city.

152.7 (d) ~~Notwithstanding the requirements of paragraph (a) and the finding requirements~~
152.8 ~~of section 469.174, subdivision 12, tax increments from an economic development district~~
152.9 ~~may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or~~
152.10 ~~assistance in any form to developments consisting of buildings and ancillary facilities, if~~
152.11 ~~all the following conditions are met:~~

152.12 (1) ~~the municipality finds that the project will create or retain jobs in this state,~~
152.13 ~~including construction jobs, and that construction of the project would not have~~
152.14 ~~commenced before July 1, 2012, without the authority providing assistance under the~~
152.15 ~~provisions of this paragraph;~~

152.16 (2) ~~construction of the project begins no later than July 1, 2012;~~

152.17 (3) ~~the request for certification of the district is made no later than June 30, 2012; and~~

152.18 (4) ~~for development of housing under this paragraph, the construction must begin~~
152.19 ~~before January 1, 2012.~~

152.20 The provisions of this paragraph may not be used to assist housing that is developed
152.21 to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law,
152.22 if construction of the project begins later than July 1, 2011.

152.23 **EFFECTIVE DATE.** This section is effective for districts for which the request for
152.24 certification was made after June 30, 2012.

152.25 Sec. 4. Minnesota Statutes 2012, section 469.176, subdivision 4g, is amended to read:

152.26 Subd. 4g. **General government use prohibited.** (a) Tax increments may not be
152.27 used to circumvent existing levy limit law.

152.28 (b) No tax increment from any district may be used for the acquisition, construction,
152.29 renovation, operation, or maintenance of a building to be used primarily and regularly
152.30 for conducting the business of a municipality, county, school district, or any other local
152.31 unit of government or the state or federal government. This provision does not prohibit
152.32 the use of revenues derived from tax increments for the construction or renovation of
152.33 a parking structure.

152.34 (c)(1) ~~Tax increments may not be used to pay for the cost of public improvements,~~
152.35 ~~equipment, or other items, if:~~

153.1 (i) the improvements, equipment, or other items are located outside of the area of the
153.2 tax increment financing district from which the increments were collected; and

153.3 (ii) the improvements, equipment, or items that (A) primarily serve a decorative or
153.4 aesthetic purpose, or (B) serve a functional purpose, but their cost is increased by more than
153.5 100 percent as a result of the selection of materials, design, or type as compared with more
153.6 commonly used materials, designs, or types for similar improvements, equipment, or items.

153.7 (2) The provisions of this paragraph do not apply to expenditures related to the
153.8 rehabilitation of historic structures that are:

153.9 (i) individually listed on the National Register of Historic Places; or

153.10 (ii) a contributing element to a historic district listed on the National Register
153.11 of Historic Places.

153.12 **EFFECTIVE DATE.** This section is effective the day following final enactment for
153.13 all tax increment financing districts, regardless of when the request for certification was
153.14 made, but applies only to amounts spent after final enactment.

153.15 Sec. 5. Minnesota Statutes 2012, section 469.176, subdivision 6, is amended to read:

153.16 Subd. 6. **Action required.** (a) If, after four years from the date of certification of
153.17 the original net tax capacity of the tax increment financing district pursuant to section
153.18 469.177, no demolition, rehabilitation, or renovation of property or other site preparation,
153.19 including qualified improvement of a street adjacent to a parcel but not installation
153.20 of utility service including sewer or water systems, has been commenced on a parcel
153.21 located within a tax increment financing district by the authority or by the owner of the
153.22 parcel in accordance with the tax increment financing plan, no additional tax increment
153.23 may be taken from that parcel, and the original net tax capacity of that parcel shall be
153.24 excluded from the original net tax capacity of the tax increment financing district. If the
153.25 authority or the owner of the parcel subsequently commences demolition, rehabilitation,
153.26 or renovation or other site preparation on that parcel including qualified improvement of
153.27 a street adjacent to that parcel, in accordance with the tax increment financing plan, the
153.28 authority shall certify to the county auditor that the activity has commenced, and the
153.29 county auditor shall certify the net tax capacity thereof as most recently certified by the
153.30 commissioner of revenue and add it to the original net tax capacity of the tax increment
153.31 financing district. The county auditor must enforce the provisions of this subdivision. The
153.32 authority must submit to the county auditor evidence that the required activity has taken
153.33 place for each parcel in the district. The evidence for a parcel must be submitted by
153.34 February 1 of the fifth year following the year in which the parcel was certified as included
153.35 in the district. For purposes of this subdivision, qualified improvements of a street are

154.1 limited to (1) construction or opening of a new street, (2) relocation of a street, and (3)
154.2 substantial reconstruction or rebuilding of an existing street.

154.3 (b) For districts which were certified on or after January 1, 2005, and before April
154.4 20, 2009, the four-year period under paragraph (a) is ~~increased to six years~~ deemed to end
154.5 on December 31, 2016.

154.6 **EFFECTIVE DATE.** This section is effective the day following final enactment
154.7 and applies to districts certified on or after January 1, 2006, and before April 20, 2009.

154.8 Sec. 6. Minnesota Statutes 2012, section 469.177, is amended by adding a subdivision
154.9 to read:

154.10 Subd. 1d. **Original net tax capacity adjustment; homestead market value**
154.11 **exclusion.** (a) Upon approval by the municipality, by resolution, the authority may elect
154.12 to reduce the net tax capacity of a qualified district by the amount of the tax capacity
154.13 attributable to the market value exclusion under section 273.13, subdivision 35. The
154.14 amount of the reduction may not reduce the original net tax capacity below zero.

154.15 (b) For purposes of this subdivision, a qualified district means a tax increment
154.16 financing district that satisfies the following conditions:

154.17 (1) for taxes payable in 2011, the authority received a homestead market value credit
154.18 reimbursement under section 273.1384 for the district of \$10,000 or more;

154.19 (2) for taxes payable in 2013, the reduction in captured tax capacity resulting from
154.20 the market value exclusion for the district was equal to or greater than 1.75 percent of the
154.21 district's captured tax capacity; and

154.22 (3) either (i) the authority is permitted to expend increments on activities under the
154.23 provisions of section 469.1763, subdivision 3, or an equivalent provision of special law
154.24 on July 1, 2013, or (ii) the district's tax increments received for taxes payable in 2012
154.25 exceeded the amount of debt service payments due during calendar year 2012 on bonds
154.26 issued under section 469.178 to which the district's increments are pledged.

154.27 The calculation of the amount under clause (2) must reflect any adjustments to original
154.28 net tax capacity made under subdivision 1, paragraphs (d) and (e), for the homestead
154.29 market value exclusion.

154.30 (c) The authority must notify the county auditor of its election under this section no
154.31 later than July 1, 2014. Notifications made by July 1, 2013, are effective beginning for
154.32 taxes payable in 2014, and notifications made after July 1, 2013, are effective beginning
154.33 for taxes payable in 2015.

155.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
155.2 and applies to all tax increment financing districts regardless of when the request for
155.3 certification was made.

155.4 Sec. 7. Minnesota Statutes 2012, section 473F.08, is amended by adding a subdivision
155.5 to read:

155.6 Subd. 3c. **Mall of America.** (a) When computing the net tax capacity under section
155.7 473F.05, the Hennepin County auditor shall exclude the captured tax capacity of Tax
155.8 Increment Financing Districts No. 1-C and No. 1-G in the city of Bloomington.

155.9 (b) Notwithstanding the provisions of subdivision 2, paragraph (a), the
155.10 commercial-industrial contribution percentage for the city of Bloomington is the
155.11 contribution net tax capacity divided by the total net tax capacity of commercial-industrial
155.12 property in the city, excluding any commercial-industrial property that is captured tax
155.13 capacity of Tax Increment Financing Districts No. 1-C and No. 1-G.

155.14 (c) The property taxes to be paid on commercial-industrial tax capacity that is
155.15 included in the captured tax capacity of Tax Increment Financing Districts No. 1-C and
155.16 No. 1-G in the city of Bloomington must be determined as described in subdivision 6,
155.17 except that the portion of the tax that is based on the areawide tax rate is to be treated
155.18 as tax increment under section 469.176.

155.19 (d) The provisions of this subdivision take effect only if the clerk of the city of
155.20 Bloomington certifies to the Hennepin County auditor that the city has entered into a
155.21 binding written agreement with the Metropolitan Council to repair and restore, or to
155.22 replace, the old Cedar Avenue bridge for use by bicycle commuters and recreational users.

155.23 (e) This subdivision expires on the earliest of the following dates:

155.24 (1) when the tax increment financing districts have been decertified in 2024 or 2035,
155.25 as provided by section 10, subdivision 2 or 4; or

155.26 (2) on January 1, 2014, if the city clerk fails to make the certification provided in
155.27 paragraph (d) or if the city fails to file its local approval of section 18 with the secretary
155.28 of state by December 31, 2013.

155.29 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable
155.30 in 2014.

155.31 Sec. 8. Laws 2008, chapter 366, article 5, section 26, is amended to read:

155.32 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR**
155.33 **RULE.**

156.1 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
156.2 activities must be undertaken within a five-year period from the date of certification of
156.3 a tax increment financing district, are increased to a ~~ten-year~~ 15-year period for the
156.4 Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,
156.5 Bloomington Central Station.

156.6 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any
156.7 other law to the contrary, the city of Bloomington and its port authority may extend the
156.8 duration limits of the district for a period through December 31, 2039.

156.9 (c) Effective for taxes payable in 2014, tax increment for the district must be
156.10 computed using the current local tax rate, notwithstanding the provisions of Minnesota
156.11 Statutes, section 469.177, subdivision 1a.

156.12 **EFFECTIVE DATE.** Paragraphs (a) and (c) are effective upon compliance by
156.13 the governing body of the city of Bloomington with the requirements of Minnesota
156.14 Statutes, section 645.021, subdivision 3. Paragraph (b) is effective upon compliance by
156.15 the governing bodies of the city of Bloomington, Hennepin County, and Independent
156.16 School District No. 271 with the requirements of Minnesota Statutes, sections 469.1782,
156.17 subdivision 2, and 645.021, subdivision 3.

156.18 Sec. 9. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009,
156.19 chapter 88, article 5, section 11, is amended to read:

156.20 Sec. 34. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY PARCELS**
156.21 **DEEMED OCCUPIED.**

156.22 ~~(a) The provisions of this section apply to redevelopment tax increment financing~~
156.23 ~~districts created by the Housing and Redevelopment Authority in and for the city of~~
156.24 ~~Oakdale in the areas comprised of the parcels with the following parcel identification~~
156.25 ~~numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056;~~
156.26 ~~3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059;~~
156.27 ~~3102921320060; 3102921320061; 3102921330005; and 3102921330004; and (2)~~
156.28 ~~2902921330001 and 2902921330005.~~

156.29 ~~(b) For a district subject to this section, the Housing and Redevelopment Authority~~
156.30 ~~may, when requesting certification of the original tax capacity of the district under~~
156.31 ~~Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district~~
156.32 ~~be certified as the tax capacity of the land.~~

156.33 ~~(c) The authority to request certification of a district under this section expires on~~
156.34 ~~July 1, 2013.~~

157.1 (a) Parcel numbers 3102921320054, 3102921320055, 3102921320056,
157.2 3102921320057, 3102921320061, and 3102921330004 are deemed to meet the
157.3 requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d),
157.4 notwithstanding any contrary provisions of that paragraph, if the following conditions
157.5 are met:

157.6 (1) a building located on any part of each of the specified parcels was demolished after
157.7 the Housing and Redevelopment Authority for the city of Oakdale adopted a resolution
157.8 under Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3);

157.9 (2) the building was removed either by the authority, by a developer under a
157.10 development agreement with the Housing and Redevelopment Authority for the city of
157.11 Oakdale, or by the owner of the property without entering into a development agreement
157.12 with the Housing and Redevelopment Authority for the city of Oakdale; and

157.13 (3) the request for certification of the parcel as part of a district is filed with the
157.14 county auditor by December 31, 2017.

157.15 (b) The provisions of this section allow an election by the Housing and
157.16 Redevelopment Authority for the city of Oakdale for the parcels deemed occupied under
157.17 paragraph (a), notwithstanding the provisions of Minnesota Statutes, sections 469.174,
157.18 subdivision 10, paragraph (d), and 469.177, subdivision 1, paragraph (f).

157.19 (c) The city may elect, in the tax increment financing plan, to collect increment from
157.20 a redevelopment district created under the provisions of this section for an additional ten
157.21 years beyond the limit in Minnesota Statutes, section 469.176, subdivision 1b.

157.22 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
157.23 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,
157.24 subdivision 3, except that the provisions of paragraph (c) are effective only upon
157.25 compliance with Minnesota Statutes, section 469.1782, subdivision 2, by Ramsey County
157.26 and Independent School District No. 622.

157.27 Sec. 10. Laws 2010, chapter 216, section 55, is amended to read:

157.28 Sec. 55. **OAKDALE; TAX INCREMENT FINANCING DISTRICT.**

157.29 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota
157.30 Statutes, section 469.176, subdivision 1b, the city of Oakdale may collect tax increments
157.31 from Tax Increment Financing District No. 6 (Bergen Plaza) through December 31, 2024
157.32 2040, subject to the conditions described in subdivision 2.

157.33 Subd. 2. **Conditions for extension.** (a) Subdivision 1 applies only if the following
157.34 conditions are met:

(1) by July 1, 2011, the city of Oakdale has entered into a development agreement with a private developer for development or redevelopment of all or a substantial part of the area parcels described in clause (2); and

(2) by November 1, 2011, the city of Oakdale or a private developer commences construction of streets, traffic improvements, water, sewer, or related infrastructure that serves one or both of the parcels with the following parcel identification numbers: 2902921330001 and 2902921330005. For the purposes of this section, construction commences upon grading or other visible improvements that are part of the subject infrastructure.

(b) All tax increments received by the city of Oakdale under subdivision 1 after December 31, 2016, must be used only to pay costs that are both:

(1) related to redevelopment of the parcels specified in this subdivision or parcel numbers 3102921320053, 3102921320054, 3102921320055, 3102921320056, 3102921320057, 3102921320058, 3102921320059, 3102921320060, 3102921320061, 3102921320062, 3102921320063, 3102921330004, and 3102921330005, including, without limitation, any of the infrastructure referenceed in this subdivision that serves any of the referenced parcels; and

(2) otherwise eligible under law to be paid with increments from the specified tax increment financing district, ~~except the authority under this clause does not apply to increments collected after the conclusion of the duration limit under general law.~~

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021, subdivision 3, except that the amendments to subdivision 1 are effective only upon compliance with Minnesota Statutes, section 469.1782, subdivision 2, by Ramsey County and Independent School District No. 622.

Sec. 11. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

Subdivision 1. Addition of property to Tax Increment Financing District No. 1-G. (a) Notwithstanding the provisions of Minnesota Statutes, section 469.175, subdivision 4, or any other law to the contrary, the governing bodies of the Port Authority of the city of Bloomington and the city of Bloomington may elect to eliminate the real property north of the existing building line on Lot 1, Block 1, Mall of America 7th Addition, exclusive of Lots 2 and 3 from Tax Increment Financing District No. 1-C within Industrial Development District No. 1 Airport South in the city of Bloomington,

159.1 Minnesota, and expand the boundaries of Tax Increment Financing District No. 1-G
159.2 to include that property.

159.3 (b) If the city elects to transfer parcels under this authority, the county auditor shall
159.4 transfer the original tax capacity of the affected parcels from Tax Increment Financing
159.5 District No. 1-C to Tax Increment Financing District No. 1-G.

159.6 Subd. 2. **Authority to extend duration limit; computation of increment.** (a)
159.7 Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464, article
159.8 1, section 8, or any other law to the contrary, the city of Bloomington and its port authority
159.9 may extend the duration limits of Tax Increment Financing Districts No. 1-C and No.
159.10 1-G through December 31, 2034.

159.11 (b) Effective for property taxes payable in 2017 through 2034, the captured tax
159.12 capacity of Tax Increment Financing District No. 1-C must be included in computing the
159.13 tax rates of each local taxing district and the tax increment equals only the amount of tax
159.14 computed under Minnesota Statutes, section 473F.08, subdivision 3c, paragraph (c).

159.15 (c) Effective for property taxes payable in 2019 through 2034, the captured tax
159.16 capacity of Tax Increment Financing District No. 1-G must be included in computing the
159.17 tax rates of each local taxing district and the tax increment for the district equals only
159.18 the amount of tax computed under Minnesota Statutes, section 473F.08, subdivision
159.19 3c, paragraph (c).

159.20 Subd. 3. **Treatment of increment.** Increments received under the provisions
159.21 of subdivision 2, paragraph (b) or (c), and Minnesota Statutes, section 473F.08,
159.22 subdivision 3c, are deemed to be tax increments of Tax Increment Financing District No.
159.23 1-G, notwithstanding any law to the contrary, and without regard to whether they are
159.24 attributable to captured tax capacity of Tax Increment Financing District No. 1-C.

159.25 Subd. 4. **Condition.** The authority under this section expires and Tax Increment
159.26 Financing Districts No. 1-C and No. 1-G must be decertified for taxes payable in 2024
159.27 and thereafter, if the total estimated market value of improvements for parcels located in
159.28 Tax Increment Financing District No. 1-G, as modified, do not exceed \$100,000,000
159.29 by taxes payable in 2023.

159.30 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
159.31 body of the city of Bloomington with the requirements of Minnesota Statutes, section
159.32 645.021, subdivision 3, but only if the city enters into a binding written agreement with
159.33 the Metropolitan Council to repair and restore, or to replace, the old Cedar Avenue bridge
159.34 for use by bicycle commuters and recreational users. This section is effective without

160.1 approval of the county and school district under Minnesota Statutes, section 469.1782,
160.2 subdivision 2. The legislature finds that the county and school district are not "affected
160.3 local government units" within the meaning of Minnesota Statutes, section 469.1782,
160.4 because the provision allowing extended collection of increment by the tax increment
160.5 financing districts does not affect their tax bases and tax rates dissimilarly to other counties
160.6 and school districts in the metropolitan area.

160.7 Sec. 12. **ST. CLOUD; TAX INCREMENT FINANCING.**

160.8 The request for certification of Tax Increment Financing District No. 2, commonly
160.9 referred to as the Norwest District, in the city of St. Cloud is deemed to have been made
160.10 on or after August 1, 1979, and before July 1, 1982. Revenues derived from tax increment
160.11 for that district must be treated for purposes of any law as revenue of a tax increment
160.12 financing district for which the request for certification was made during that time period.

160.13 **EFFECTIVE DATE.** This section is effective upon approval by the governing
160.14 body of the city of St. Cloud and compliance with Minnesota Statutes, section 645.021,
160.15 subdivision 3.

160.16 Sec. 13. **DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY; TAX**
160.17 **INCREMENT FINANCING DISTRICT.**

160.18 Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law,
160.19 the Dakota County Community Development Agency may establish a redevelopment tax
160.20 increment financing district comprised of the properties that were:

160.21 (1) included in the CDA 10 Robert and South Street district in the city of West
160.22 St. Paul; and

160.23 (2) not decertified before July 1, 2012.

160.24 The district created under this section terminates no later than December 31, 2018.

160.25 Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district
160.26 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located
160.27 within the district. Minnesota Statutes, section 469.176, subdivision 4j, do not apply to the
160.28 district. The original tax capacity of the district is \$93,239.

160.29 Subd. 3. **Authorized expenditures.** Tax increment from the district may be
160.30 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter 469,
160.31 within the redevelopment area that includes the district, provided that the boundaries of
160.32 the redevelopment area may not be expanded to add new area after April 1, 2013. All

161.1 expenditures for eligible activities are deemed to be activities within the district under
161.2 Minnesota Statutes, section 469.1763, subdivisions 2 to 4.

161.3 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must
161.4 be included in the adjusted net tax capacity of the city, county, and school district for the
161.5 purposes of determining local government aid, education aid, and county program aid.
161.6 The county auditor shall report to the commissioner of revenue the amount of the captured
161.7 tax capacity for the district at the time the assessment abstracts are filed.

161.8 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
161.9 body of the Dakota County Community Development Agency with the requirements of
161.10 Minnesota Statutes, section 645.021, subdivision 3.

161.11 Sec. 14. **CITY OF GLENCOE; TAX INCREMENT FINANCING DISTRICT**
161.12 **EXTENSION.**

161.13 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota
161.14 Statutes, section 469.176, subdivision 1b, paragraph (a), clause (4), or any other law to the
161.15 contrary, the city of Glencoe may collect tax increments from Tax Increment Financing
161.16 District No. 4 (McLeod County District No. 007) through December 31, 2023, subject to
161.17 the conditions in subdivision 2.

161.18 Subd. 2. **Exclusive use of revenues.** (a) All tax increments derived from Tax
161.19 Increment Financing District No. 4 (McLeod County District No. 007) that are collected
161.20 after December 31, 2013, must be used only to pay debt service on or to defease bonds that
161.21 were outstanding on January 1, 2013 and that were issued to finance improvements serving:

161.22 (1) Tax Increment Financing District No. 14 (McLeod County District No. 033)
161.23 (Downtown);

161.24 (2) Tax Increment Financing District No. 15 (McLeod County District No. 035)
161.25 (Industrial Park); and

161.26 (3) benefited properties as further described in proceedings related to the city's series
161.27 2007A bonds, dated September 1, 2007, and any bonds issued to refund those bonds.

161.28 (b) Increments may also be used to pay debt service on or to defease bonds issued to
161.29 refund the bonds described in paragraph (a), if the refunding bonds do not increase the
161.30 present value of debt service due on the refunded bonds when the refunding is closed.

161.31 (c) When the bonds described in paragraphs (a) and (b) have been paid or defeased,
161.32 the district must be decertified and any remaining increment returned to the city, county,

162.1 and school district as provided in Minnesota Statutes, section 469.176, subdivision 2,
162.2 paragraph (c), clause (4).

162.3 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
162.4 bodies of the city of Glencoe, McLeod County, and Independent School District No.
162.5 2859 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and
162.6 645.021, subdivision 3.

162.7 Sec. 15. **CITY OF ELY; TAX INCREMENT FINANCING.**

162.8 Subdivision 1. **Extension of district.** Notwithstanding Minnesota Statutes, section
162.9 469.176, subdivision 1b, or any other law to the contrary, the city of Ely may collect
162.10 tax increment from Tax Increment Financing District No. 1 through December 31,
162.11 2021. Increments from the district may only be used to pay binding obligations and
162.12 administrative expenses.

162.13 Subd. 2. **Binding obligations.** For purposes of this section, "binding obligations"
162.14 means the binding contractual or debt obligation of Tax Increment Financing District
162.15 No. 1 entered into before January 1, 2013.

162.16 Subd. 3. **Expenditures outside district.** Notwithstanding Minnesota Statutes,
162.17 section 469.1763, subdivision 2, the governing body of the city of Ely may elect to
162.18 transfer revenues derived from increments from its Tax Increment Financing District No.
162.19 3 to the tax increment account established under Minnesota Statutes, section 469.177,
162.20 subdivision 5, for Tax Increment Financing District No. 1. The amount that may be
162.21 transferred is limited to the lesser of:

162.22 (1) \$168,000; or

162.23 (2) the total amount due on binding obligations and outstanding on that date, less the
162.24 amount of increment collected by Tax Increment Financing District No. 1 after December
162.25 31, 2012, and administrative expenses of Tax Increment Financing District No. 1 incurred
162.26 after December 31, 2012.

162.27 **EFFECTIVE DATE.** This section is effective upon approval by the governing
162.28 bodies of the city of Ely, St. Louis County, and Independent School District No. 696 with
162.29 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,
162.30 subdivision 3.

162.31 Sec. 16. **CITY OF MAPLEWOOD; TAX INCREMENT FINANCING**
162.32 **DISTRICT; SPECIAL RULES.**

(a) If the city of Maplewood elects, upon the adoption of a tax increment financing plan for a district, the rules under this section apply to one or more redevelopment tax increment financing districts established by the city or the economic development authority of the city. The area within which the redevelopment tax increment districts may be created is parcel 362922240002 (the "parcel") or any replatted parcels constituting a part of the parcel and the adjacent rights-of-way. For purposes of this section, the parcel is the "3M Renovation and Retention Project Area" or "project area."

(b) The requirements for qualifying redevelopment tax increment districts under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is deemed eligible for inclusion in a redevelopment tax increment district.

(c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the parcel.

(d) The expenditures outside district rule under Minnesota Statutes, section 469.1763, subdivision 2, does not apply; the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years; and expenditures must only be made within the project area.

(e) If, after one year from the date of certification of the original net tax capacity of the tax increment district, no demolition, rehabilitation, or renovation of property has been commenced on a parcel located within the tax increment district, no additional tax increment may be taken from that parcel, and the original net tax capacity of the parcel shall be excluded from the original net tax capacity of the tax increment district. If 3M Company subsequently commences demolition, rehabilitation, or renovation, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment district. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district.

(f) The authority to approve a tax increment financing plan and to establish a tax increment financing district under this section expires December 31, 2018.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Maplewood and upon compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 17. **CITY OF MINNEAPOLIS; STREETCAR FINANCING.**

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

164.3 (b) "City" means the city of Minneapolis.

164.4 (c) "County" means Hennepin County.

164.5 (d) "District" means the areas certified by the city under subdivision 2 for collection
164.6 of value capture taxes.

164.7 (e) "Project area" means the area including one city block on either side of a streetcar
164.8 line designated by the city to serve the downtown and adjacent neighborhoods of the city.

164.9 Subd. 2. **Authority to establish district.** (a) The governing body of the city may, by
164.10 resolution, establish a value capture district consisting of some or all of the taxable parcels
164.11 located within one or more of the following areas of the city, as described in the resolution:

164.12 (1) the area bounded by Nicollet Avenue on the west, 16th Street East on the south,
164.13 First Avenue South on the east, and 14th Street East on the north;

164.14 (2) the area bounded by Spruce Place on the west, 14th Street West on the south,
164.15 LaSalle Avenue on the east, and Grant Street West on the north;

164.16 (3) the area bounded by Nicollet Avenue or Mall on the west, Fifth Street South on
164.17 the south, Marquette Avenue on the east, and Fourth Street South on the north; and

164.18 (4) the area bounded by First Avenue North on the west, Washington Avenue on the
164.19 south, Hennepin Avenue on the east, and Second Street North on the north.

164.20 (b) The city may establish the district and the project area only after holding a public
164.21 hearing on its proposed creation after publishing notice of the hearing and the proposal at
164.22 least once not less than ten days nor more than 30 days before the date of the hearing.

164.23 Subd. 3. **Calculation of value capture district; administrative provisions.** (a) If
164.24 the city establishes a value capture district under subdivision 2, the city shall request the
164.25 county auditor to certify the district for calculation of the district's tax revenues.

164.26 (b) For purposes of calculating the tax revenues of the district, the county auditor
164.27 shall treat the district as if it were a request for certification of a tax increment financing
164.28 district under the provisions of Minnesota Statutes, section 469.177, subdivision 1,
164.29 and shall calculate the tax revenues of the district for each year of its duration under
164.30 subdivision 4 as equaling the amount of tax increment that would be computed by
164.31 applying the provisions of Minnesota Statutes, section 469.177, subdivisions 1, 2, and
164.32 3, to determine captured tax capacity and multiplying by the current tax rate, excluding
164.33 the state general tax rate. The city shall provide the county auditor with the necessary
164.34 information to certify the district, including the option for calculating revenues derived
164.35 from the areawide tax rate under Minnesota Statutes, chapter 473F.

(c) The county auditor shall pay to the city at the same times provided for settlement of taxes and payment of tax increments the tax revenues of the district. The city must use the tax revenues as provided under subdivision 4.

Subd. 4. **Permitted uses of district tax revenues.** (a) In addition to paying for reasonable administrative costs of the district, the city may spend tax revenues of the district for property acquisition, improvements, and equipment to be used for operations within the project area, along with related costs, for:

(1) planning, design, and engineering services related to the construction of the streetcar line;

(2) acquiring property for, constructing, and installing a streetcar line;

(3) acquiring and maintaining equipment and rolling stock and related facilities, such as maintenance facilities, which need not be located in the project area;

(4) acquiring, constructing, or improving transit stations; and

(5) acquiring or improving public space, including the construction and installation of improvements to streets and sidewalks, decorative lighting and surfaces, and plantings related to the streetcar line.

(b) The city may issue bonds or other obligations under Minnesota Statutes, chapter 475, without an election, to fund acquisition or improvement of property of a capital nature authorized by this section, including any costs of issuance. The city may also issue bonds or other obligations to refund those bonds or obligations. Payment of principal and interest on the bonds or other obligations issued under this paragraph is a permitted use of the district's tax revenues.

(c) Tax revenues of the district may not be used for the operation of the streetcar line.

Subd. 5. **Duration of the district.** A district established under this section is limited to the lesser of (1) 25 years of tax revenues, or (2) the time necessary to collect tax revenues equal to the amount of the capital costs permitted under subdivision 4 or the amount needed to pay or defease bonds or other obligations issued under subdivision 4, whichever is later.

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

Sec. 18. CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.

(a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer from the tax increment financing accounts for its Tax Increment Financing District No. 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment for each district that is computed under the provisions of Minnesota Statutes, section 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for

166.1 the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle
166.2 commuters and recreational users. The city is authorized to and must use the transferred
166.3 funds to complete the repair, renovation, or replacement of the bridge.

166.4 (b) No signs, plaques, or markers acknowledging or crediting donations for,
166.5 sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar
166.6 Avenue bridge.

166.7 **EFFECTIVE DATE.** This section is effective upon compliance by the city of
166.8 Bloomington with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

166.9 **ARTICLE 10**

166.10 **DESTINATION MEDICAL CENTER**

166.11 Section 1. Minnesota Statutes 2012, section 297A.71, is amended by adding a
166.12 subdivision to read:

166.13 Subd. 45. **Construction materials, public infrastructure related to the**
166.14 **Destination medical center.** Materials and supplies used in, and equipment incorporated
166.15 into, the construction and improvement of publicly owned buildings and infrastructure
166.16 included in the development plan adopted by the City of Rochester under section 469.42,
166.17 and financed with public funds, are exempt.

166.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
166.19 June 30, 2013.

166.20 Sec. 2. **[469.40] DEFINITIONS.**

166.21 Subdivision 1. **Application.** For the purposes of section 469.40 to 469.46, the terms
166.22 defined in this section have the meanings given them.

166.23 Subd. 2. **City.** "City" means the city of Rochester.

166.24 Subd. 3. **County.** "County" means Olmsted County.

166.25 Subd. 4. **Destination Medical Center Corporation, corporation, DMCC.**

166.26 "Destination Medical Center Corporation," "corporation," or "DMCC" means the
166.27 nonprofit corporation created by the city as provided in section 469.41, and organized
166.28 under chapter 317A.

166.29 Subd. 5. **Destination medical center development district.** "Destination medical
166.30 center development district" or "development district" means a geographic area in the
166.31 city identified in the adopted DMCC development plan in which public infrastructure
166.32 projects are implemented.

Subd. 6. **Development plan.** "Development plan" means the plan adopted by the DMCC under section 469.42.

Subd. 7. **Medical business entity.** "Medical business entity" means a medical business entity with its principal place of business in the city that, as of the effective date of this section, together with all business entities of which it is the sole member or sole shareholder, collectively employs more than 30,000 persons in the state.

Subd. 8. **Public infrastructure project.** "Public infrastructure project" means a project financed in part or whole with public money in order to support the medical business entity's development plans, as identified in the adopted DMCC development plan. A project may be to:

(1) acquire real property and other assets associated with the real property;

(2) demolish, repair, or rehabilitate buildings;

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district, including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, network and communication systems, streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, landscaping, façade construction and restoration, wayfinding and signage, and other components of community infrastructure;

(5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;

(6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, broadcast and related multimedia infrastructure;

(7) make related site improvements, including, without limitation, excavation, earth retention, soil stabilization and correction, site improvements to support the destination medical center development district; and

(8) prepare land for private development and to sell or lease land.

Sec. 3. **[469.41] DESTINATION MEDICAL CENTER CORPORATION ESTABLISHED.**

Subdivision 1. **DMCC created.** The city shall establish a destination medical center corporation as a nonprofit corporation under chapter 317A to provide the city with expertise in preparing and implementing the development plan to establish the city as a

destination medical center. Except as provided in this article, the nonprofit corporation is not subject to laws governing the city.

Subd. 2. **Membership.** (a) The corporation's governing board consists of nine voting members, as follows:

(1) the mayor of the city, or the mayor's designee, subject to approval by the city council;

(2) a member of the city council, selected by the city council;

(3) a member of the county board, selected by the county board;

(4) two representatives of the medical business entity defined in section 469.40, subdivision 7, appointed by the city council from among five candidates nominated by the medical business entity;

(5) two representatives of the city business community other than the medical business entity, appointed by the city council from among five candidates nominated by the Rochester Area Chamber of Commerce; and

(6) two members, appointed by the governor.

(b) Appointing authorities must make their appointments as soon as practicable after the effective date of this section.

Subd. 3. **Bylaws.** The corporation shall adopt bylaws governing the terms of members, filling vacancies, removal of members, selection of officers and other personnel and contractors, and other matters of organization and operation of the corporation.

Subd. 4. **Open meeting law.** Meetings of the corporation and any committee or subcommittee of the corporation are subject to the open meeting law in chapter 13D.

Subd. 5. **Conflicts of interest.** Except for the members appointed under subdivision 2, paragraph (a), clause (4), to represent the medical business entity, within one year prior to or at any time during a member's term of service on the corporation's governing board, a member must not be employed by, be a member of the board of directors of, or otherwise be a representative of the medical business entity, as defined in subdivision 7. No member may serve as a lobbyist, as defined under section 10A.01, subdivision 21.

Subd. 6. **Treatment of data.** (a) The financial, business, and other data of, or provided to, the corporation are not government data, except as provided in this subdivision.

(b) The following data of the corporation are public government data:

(1) data that relate to or document the corporation's receipt, investment, or expenditure of money provided by the city, county, or state; and

(2) data on the corporation's development, adoption, and modification of the development plan.

Subd. 7. **Powers; gifts.** The corporation may exercise any other powers that are granted by its articles of incorporation and bylaws to the extent that those powers are not inconsistent with the provisions of sections 469.40 to 469.46. Notwithstanding any law to the contrary, the corporation may accept and use gifts of money or in-kind and may use any of its money or assets, other than money or assets received from the city, county, or state, to develop and implement the adopted development plan.

Subd. 8. **Dissolution.** The city shall provide for the terms for dissolution of the corporation in the articles of incorporation.

Sec. 4. **[469.42] DEVELOPMENT PLAN.**

Subdivision 1. **Development plan; adoption by DMCC; notice; findings.** The corporation shall prepare and adopt a development plan. The corporation must hold a public hearing before adopting a development plan. At least 45 days before the hearing, the corporation shall make copies of the proposed plan available to the public at the corporation and city offices during normal business hours, on the corporation's and city's Web site, and as otherwise determined appropriate by the corporation. At least ten days before the hearing, the corporation shall publish notice of the hearing in a daily newspaper of general circulation in the city. The development plan may not be adopted unless the corporation finds by resolution that:

(1) the plan provides an outline for the development of the city as a destination medical center, and the plan is sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite state and local objectives;

(2) the proposed development affords maximum opportunity, consistent with the needs of the city, county, and state, for the development of the city by private enterprise as a destination medical center;

(3) the proposed development conforms to the general plan for the development of the city and is consistent with the city comprehensive plan;

(4) the plan includes:

(i) strategic planning consistent with a destination medical center in the core areas of commercial research and technology, learning environment, hospitality and convention, sports and recreation, livable communities, including mixed-use urban development and neighborhood residential development, retail/dining/entertainment, and health and wellness;

(ii) estimates of short- and long-range fiscal and economic impacts;

(iii) a framework to identify and prioritize short- and long-term public investment and public infrastructure project development and to facilitate private investment and development;

(iv) land use planning;

(v) transportation and transit planning;

(vi) operational planning required to support the medical center development district; and

(vii) ongoing market research plans; and

(5) the city has approved the plan.

Subd. 2. **Modification of development plan.** The corporation may modify the development plan at any time. The corporation must update the development plan not less than every five years. A modification or update under this subdivision must be adopted by the corporation upon the notice and after the public hearing and findings required for the original adoption of the development plan.

Subd. 3. **Medical center development districts; creation; notice; findings.** As part of the development plan, the corporation may create and define the boundaries of medical center development districts and subdistricts at any place or places within the city. Projects may be undertaken within defined medical center development districts consistent with the development plan.

Subd. 4. **DMCC consultant.** (a) The corporation may engage a business entity consultant to provides experience and expertise in developing the destination medical center. The consultant may assist the corporation in preparing the development plan and provide services to assist the corporation or city in implementing, consistent with the development plan, the goals, objectives, and strategies in the development plan, including, but not limited to:

(1) developing and updating the criteria for evaluating and underwriting development proposals;

(2) implementing the development plan, including soliciting and evaluating proposals for development and evaluating and making recommendations to the corporation and the city regarding those proposals;

(3) providing transactional services in connection with approved projects;

(4) developing patient, visitor, and community outreach programs for a destination medical center development district;

(5) working with the corporation to acquire and facilitate the sale, lease, or other transactions involving land and real property;

(6) seeking financial support for the corporation, the city, and a project;

(7) partnering with other development agencies and organizations and the county in joint efforts to promote economic development and establish a destination medical center;

(8) supporting and administering the planning and development activities required to implement the development plan;

(9) preparing and supporting the marketing and promotion of the medical center development district;

(10) preparing and implementing a program for community and public relations in support of the medical center development district;

(11) assisting the corporation or city and others in applications for federal grants, tax credits, and other sources of funding to aid both private and public development; and

(12) making other general advisory recommendations to the corporation and the city, as requested.

(b) The corporation may contract with the consultant to provide administrative services to the corporation with regard to the destination medical center plan implementation. The corporation may pay for those services out of any revenue sources available to it.

Subd. 5. **Audit of consultant contracts.** Any contract for services between the corporation and a consultant paid, in whole or in part, with public money gives the corporation, the city, and the state auditor the right to audit the books and records of the consultant that are necessary to certify (1) the nature and extent of the services furnished pursuant to the contract, and (2) that the payment for services and related disbursements complies with all state laws, regulations, and the terms of the contract. Any contract for services between the corporation and the consultant paid, in whole or in part, with public money shall require the corporation to maintain for the life of the corporation accurate and complete books and records directly relating to the contract.

Subd. 6. **Report.** By January 15 of each year, the corporation and city must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over local and state government operations, economic development, and taxes, and to the commissioners of revenue and employment and economic development, and the county. The corporation and city must also submit the report as provided in section 3.195. The report must include:

(1) the adopted development plan and any proposed changes to the development plan;

(2) progress of projects identified in the development plan;

(3) actual costs and financing sources, including the amount paid with state aid under section 469.46 and required local contributions, of projects completed in the previous two years by the corporation, city, the county, and the medical business entity;

(4) estimated costs and financing sources for projects to be begun in the next two years by the corporation, city, the county, and the medical business entity; and
(5) debt service schedules for all outstanding obligations of the city for debt issued for projects identified in the plan.

Sec. 5. **[469.43] CITY POWERS, DUTIES; AUTHORITY TO ISSUE BONDS.**

Subdivision 1. **Port authority powers.** The city may exercise the powers of a port authority under sections 469.048 to 469.068, for the purposes of implementing the destination medical center development plan.

Subd. 2. **Support to the corporation.** The city may provide financial and administrative support and office and other space to the corporation. The city may appropriate money of the city to the corporation for its work.

Subd. 3. **City to issue debt.** The city may issue general obligation bonds, revenue bonds, or other obligations, as it determines appropriate, to finance public infrastructure projects, as provided by chapter 475. Notwithstanding section 475.53 obligations issued under this section are not subject to the limits on net debt, regardless of their source of security or payment. Notwithstanding section 475.58 or any other law or charter provision to the contrary, issuance of obligations under the provisions of this section are not subject to approval of the electors. The city may pledge any of its revenues, including property taxes, the taxes authorized by sections 469.44 and 469.45, and the state aid under section 469.46, as security for and to pay the obligations. The city must not issue obligations that are only payable from or secured by state aid under section 469.46.

Sec. 6. **[469.44] CITY TAX AUTHORITY.**

Subdivision 1. **Rochester, other local taxes authorized.** (a) Notwithstanding section 477A.016, or any other contrary provision of law, ordinance, or city charter, and in addition to any taxes the city may impose on these transactions under another statute or law, the city of Rochester may, by ordinance impose at a rate or rates, determined by the city, any of the following taxes:

(1) a tax on the gross receipts from the furnishing for consideration of lodging and related services as defined in section 297A.61, subdivision 3, paragraph (g), clause (2); the city may choose to impose a differential tax based on the number of rooms in the facility;

(2) a tax on the gross receipts of food and beverages sold primarily for consumption on the premises by restaurants and places of refreshment that occur in the city of Rochester; the city may elect to impose the tax in a defined district of the city; and

(3) a tax on the admission receipts to entertainment and recreational facilities, as defined by ordinance, in the city of Rochester.

(b) The provisions of section 297A.99, subdivisions 4 to 13, govern the administration, collection, and enforcement of any tax imposed by the city under paragraph (a).

(c) The proceeds of any taxes imposed under this subdivision, less refunds and costs of collection, must be used by the city to fund obligations related to public infrastructure projects contained in the development plan adopted by the city under section 469.42, including any associated financing costs. Any tax imposed under paragraph (a) expires at the earlier of December 31, 2041, or when the city council determines that sufficient funds have been raised from the tax plus all other local funding sources authorized in this article to meet the city obligation for financing a public infrastructure project contained in the development plan, including any associated financing costs.

Subd. 2. **General sales tax authority.** The city may elect to extend the existing local sales and use tax under section 11 or to impose an additional rate of up to one-half of one percent tax on sales and use under section 9.

Subd. 3. **Special abatement rules.** (a) If the city or the county elects to use tax abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure projects, the special rules under this subdivision apply.

(b) The limitations under section 469.1813, subdivision 6, do not apply to the city or the county.

(c) The limitations under section 469.1813, subdivision 8, do not apply and property taxes abated by the city or the county to finance costs of public infrastructure projects are not included for purposes of applying section 469.1813, subdivision 8, to the use of tax abatement for other purposes of the city or the county; however, the total amount of property taxes abated by the city and the county under this authority must not exceed \$87,750,000.

Subd. 4. **Special tax increment financing rules.** If the city elects to establish a redevelopment tax increment financing district or districts within the area of the destination medical center development district, the requirements of section 469.174, subdivision 10, restricting the geographic areas that may be designated as a district do not apply and increments from the district are not required to be spent in accordance with the requirements of section 469.176, subdivision 4j.

Sec. 7. [469.45] COUNTY TAX AUTHORITY.

(a) Notwithstanding sections 297A.99, 297A.993, and 477A.016, or any other contrary provision of law, ordinance, or charter, the board of commissioners of Olmsted

174.1 County may, by resolution, impose a transit tax of up to one quarter of one percent on
174.2 retail sales and uses taxable under chapter 297A. The provisions of section 297A.99,
174.3 subdivisions 4 to 13, govern the imposition, administration, collection, and enforcement
174.4 of the tax authorized under this paragraph.

174.5 (b) The board of commissioners of Olmsted County may, by resolution, levy an
174.6 annual wheelage tax of up to \$10 on each motor vehicle kept in the county when not in
174.7 operation which is subject to annual registration and taxation under chapter 168. The
174.8 wheelage tax shall not be imposed on the vehicles exempt from wheelage tax under
174.9 section 163.051, subdivision 1. The board by resolution may provide for collection of
174.10 the wheelage tax by county officials or it may request that the tax be collected by the
174.11 state registrar on behalf of the county. The provisions of section 163.051, subdivisions
174.12 2, 2a, 3, and 7, shall govern the administration, collection, and enforcement of the tax
174.13 authorized under this paragraph.

174.14 (c) The proceeds of any taxes imposed under this subdivision, less refunds and
174.15 costs of collection, must be first used by the county to meet its share of obligations for
174.16 financing transit infrastructure related to the public infrastructure projects contained in
174.17 the development plan adopted by the city under section 469.42, including any associated
174.18 financing costs. Revenues collected in any calendar year in excess of the county obligation
174.19 to pay for projects contained in the development plan may be retained by the county
174.20 and used for funding other transportation projects, including roads and bridges, airport
174.21 and transit improvements.

174.22 (d) Any taxes imposed under paragraph (a), expire December 31, 2041, or at an
174.23 earlier time if approved by resolution of the county board of commissioners. However,
174.24 the taxes may not terminate before the county board of commissioners determines that
174.25 revenues from these taxes and any other revenue source the county dedicates are sufficient
174.26 to pay the county share of transit project costs and associated financing costs under the
174.27 development plan adopted by the city under section 469.42.

174.28 **Sec. 8. [469.46] STATE INFRASTRUCTURE AID.**

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

174.31 (b) "Commissioner" means the commissioner of employment and economic
174.32 development.

174.33 (c) "Construction projects" means construction of buildings in the city for which the
174.34 building permit was issued after June 30, 2013.

(d) "Expenditures" means expenditures made by a medical business entity, including any affiliated entities, on construction projects for the capital cost of the project, including but not limited to:

(1) design and predesign, including architectural, engineering, and similar services;

(2) legal, regulatory, and other compliance costs of the project;

(3) land acquisition, demolition of existing improvements, and other site preparation costs;

(4) construction costs including all materials and supplies of the project; and

(5) equipment and furnishings that are attached to or become part of the real property.

Expenditures exclude supplies and other items with a useful life of less than a year that are not used or consumed in constructing improvements to real property or are otherwise chargeable to capital costs.

(e) "Qualified expenditures" has the following meaning. In the first year in which aid is paid under this section "qualified expenditures" mean the total certified expenditures since June 30, 2013, through the end of the previous calendar year minus \$200,000,000. For subsequent years "qualified expenditures" mean the certified expenditures for the previous calendar year.

(f) "Transit costs" means the portions of a public infrastructure project that are for public transit intended primarily to serve the district, such as transit stations, equipment, right-of-way, and similar costs.

Subd. 2. Certification of expenditures. By April 1 of each year, the medical business entity must certify to the commissioner the amount of expenditures made in the prior calendar year. The certification must be made in the form that the commissioner prescribes and include any documentation of and supporting information regarding the expenditures that the commissioner requires. By August 1 of each year, the commissioner shall determine the amount of the expenditures for the prior calendar year.

Subd. 3. General state infrastructure aid. (a) General state infrastructure aid may not be paid out under this section until total expenditures exceed \$200,000,000.

(b) The amount of the general state infrastructure aid for a fiscal year equals the sum of qualified expenditures, multiplied by 2.75 percent. The maximum amount of general state aid payable in any year is limited to no more than \$30,000,000.

(c) If the commissioner determines that the city has made the required matching local contribution under subdivision 4, the commissioner shall pay to the city the amount of general state infrastructure aid for the year by September 1.

(d) The city must use general state infrastructure aid it receives under this subdivision for improvements and other capital costs related to the public infrastructure

project, other than transit costs. The city shall maintain appropriate records to document the use of the funds under this requirement.

(e) The commissioner, in consultation with the commissioner of management and budget and representatives of the city and the corporation, shall establish a total limit on the amount of state aid payable under this section that is sufficient, in combination with the local contribution, to pay for \$455,000,000 of general public infrastructure projects, plus financing costs.

Subd. 4. General aid; local matching contribution. In order to qualify for general state infrastructure aid, the city must enter a written agreement with the commissioner that requires the city to make a qualifying local matching contribution to pay for \$128,000,000 of the cost of public infrastructure projects, including associated financing costs, using funds other than state aid received under this section. This agreement must provide for the manner, timing, and amounts of the city contributions, including the city's commitment for each year. The commissioner and city may agree to amend the agreement at any time in light of new information or other appropriate factors. The city may enter arrangements with the county to pay for or otherwise meet the local matching contribution requirement.

Subd. 5. State transit aid. (a) The city qualifies for state transit aid under this section if:

(1) the county has elected to impose the transit sales tax under section 469.45 for a calendar year; and

(2) the county contributes the required local matching contribution under subdivision 6 or the city or county have agreed to make an equivalent contribution out of other funds.

(b) The amount of the state transit aid for a fiscal year equals the sum of qualified expenditures, as certified by the commissioner for the prior calendar year, multiplied by 0.75 percent, reduced by the amount of the local contribution under subdivision

6. The maximum amount of state transit aid payable in any year is limited to no more than \$7,500,000.

Subd. 6. Transit aid; local matching contribution. (a) The required local matching contribution for state transit aid equals the amount that would be raised by a 0.15 percent sales tax imposed by the county in the prior calendar year. The county may impose the sales tax or the wheelage tax under section 469.45 to meet this obligation.

(b) If the county elects not to impose any of the taxes authorized under section 469.45, the county or city or both may agree to make the local contribution out of other available funds, other than state aid payable under this section. The commissioner of revenue shall estimate the required amount and certify it to the commissioner, city, and county.

177.1 (c) The commissioner, in consultation with the commissioner of management and
177.2 budget and representatives of the city and the corporation, shall establish a total limit on
177.3 the amount of state aid payable under this section that is sufficient, in combination with
177.4 the local contribution, to pay for \$116,000,000 of general public infrastructure projects,
177.5 plus financing costs.

177.6 Subd. 7. **Termination** No aid may be paid under this section after fiscal year 2041.

177.7 Subd. 8. **Appropriation.** An amount sufficient to pay the state general infrastructure
177.8 and state transit aid authorized under this section is appropriated to the commissioner
177.9 from the general fund.

177.10 Sec. 9. Laws 1998, chapter 389, article 8, section 43, subdivision 1, is amended to read:

177.11 Subdivision 1. **Sales and use taxes authorized.** (a) Notwithstanding Minnesota
177.12 Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city
177.13 charter, upon termination of the taxes authorized under Laws 1992, chapter 511, article
177.14 8, section 33, subdivision 1, and if approved by the voters of the city at a general or
177.15 special election held within one year of the date of final enactment of this act, the city of
177.16 Rochester may, by ordinance, impose an additional sales and use tax of up to one-half
177.17 of one percent. The provisions of Minnesota Statutes, section ~~297A.48~~, 297A.99 govern
177.18 the imposition, administration, collection, and enforcement of the tax authorized under
177.19 this ~~subdivision~~ paragraph.

177.20 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
177.21 other contrary provision of law, ordinance, or charter, the city of Rochester may, by
177.22 ordinance, impose an additional sales and use tax of up to one half of one percent. The
177.23 provisions of Minnesota Statutes, section 297A.99, subdivisions 1 and 4 to 13, govern
177.24 the imposition, administration, collection, and enforcement of the tax authorized under
177.25 this paragraph.

177.26 Sec. 10. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by
177.27 Laws 2005, First Special Session chapter 3, article 5, section 28, and Laws 2011, First
177.28 Special Session chapter 7, article 4, section 5, is amended to read:

177.29 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by
177.30 subdivisions 1, paragraph (a), and 2 must be used by the city to pay for the cost of
177.31 collecting and administering the taxes and to pay for the following projects:

177.32 (1) transportation infrastructure improvements including regional highway and
177.33 airport improvements;

177.34 (2) improvements to the civic center complex;

(3) a municipal water, sewer, and storm sewer project necessary to improve regional ground water quality; and

(4) construction of a regional recreation and sports center and other higher education facilities available for both community and student use.

(b) The total amount of capital expenditures or bonds for projects listed in paragraph (a) that may be paid from the revenues raised from the taxes authorized in this section may not exceed \$111,500,000. The total amount of capital expenditures or bonds for the project in clause (4) that may be paid from the revenues raised from the taxes authorized in this section may not exceed \$28,000,000.

(c) In addition to the projects authorized in paragraph (a) and not subject to the amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an election under subdivision 5, paragraph (c), use the revenues received from the taxes and bonds authorized in this section to pay the costs of or bonds for the following purposes:

(1) \$17,000,000 for capital expenditures and bonds for the following Olmsted County transportation infrastructure improvements:

- (i) County State Aid Highway 34 reconstruction;
 - (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;
 - (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22 interchange;
 - (iv) widening of County State Aid Highway 22 West Circle Drive; and
 - (v) 60th Avenue Northwest corridor preservation;
- (2) \$30,000,000 for city transportation projects including:
- (i) Trunk Highway 52 and 65th Street interchange;
 - (ii) NW transportation corridor acquisition;
 - (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;
 - (iv) Trunk Highway 14 and Trunk Highway 63 intersection;
 - (v) Southeast transportation corridor acquisition;
 - (vi) Rochester International Airport expansion; and
 - (vii) a transit operations center bus facility;

(3) \$14,000,000 for the University of Minnesota Rochester academic and complementary facilities;

(4) \$6,500,000 for the Rochester Community and Technical College/Winona State University career technical education and science and math facilities;

(5) \$6,000,000 for the Rochester Community and Technical College regional recreation facilities at University Center Rochester;

(6) \$20,000,000 for the Destination Medical Community Initiative;

(7) \$8,000,000 for the regional public safety and 911 dispatch center facilities;

179.1 (8) \$20,000,000 for a regional recreation/senior center;

179.2 (9) \$10,000,000 for an economic development fund; and

179.3 (10) \$8,000,000 for downtown infrastructure.

179.4 (d) No revenues from the taxes raised from the taxes authorized in subdivisions 1
179.5 and 2 may be used to fund transportation improvements related to a railroad bypass that
179.6 would divert traffic from the city of Rochester.

179.7 (e) The city shall use \$5,000,000 of the money allocated to the purpose in paragraph
179.8 (c), clause (9), for grants to the cities of Byron, Chatfield, Dodge Center, Dover, Elgin,
179.9 Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville,
179.10 Zumbrota, Spring Valley, West Concord, and Hayfield for economic development projects
179.11 that these communities would fund through their economic development authority or
179.12 housing and redevelopment authority.

179.13 (f) Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 2 and 3, if
179.14 the city decides to extend the taxes in subdivisions 1, paragraph (a), and 2, as allowed
179.15 under subdivision 5, paragraph (c), the city must use any amount in excess of the amount
179.16 necessary to meet obligations under paragraphs (a) to (c) from those taxes to fund
179.17 obligations, including associated financing costs, related to public infrastructure projects
179.18 in the development plan adopted by the city under Minnesota Statutes, section 469.42.

179.19 (g) Revenues from the tax under subdivision 1, paragraph (b), must be used to
179.20 fund obligations, including associated financing costs, related to the public infrastructure
179.21 projects contained in the development plan adopted by the city under Minnesota Statutes,
179.22 section 469.42.

179.23 Sec. 11. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by
179.24 Laws 2005, First Special Session chapter 3, article 5, section 30, and Laws 2011, First
179.25 Special Session chapter 7, article 4, section 7, is amended to read:

179.26 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2
179.27 expire at the later of (1) December 31, 2009, or (2) when the city council determines that
179.28 sufficient funds have been received from the taxes to finance the first \$71,500,000 of capital
179.29 expenditures and bonds for the projects authorized in subdivision 3, including the amount to
179.30 prepay or retire at maturity the principal, interest, and premium due on any bonds issued for
179.31 the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b).
179.32 Any funds remaining after completion of the project and retirement or redemption of the
179.33 bonds shall also be used to fund the projects under subdivision 3. The taxes imposed under
179.34 subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved by the voters of the city at a special election in 2005 or the general election in 2006. The question put to the voters must indicate that an affirmative vote would allow up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that sufficient funds have been received from the taxes to finance the projects and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city.

(c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1, paragraph (a), and 2 up to December 31, 2041, provided that all additional revenues above those necessary to fund the projects and associated financing costs listed in subdivision 3, paragraphs (a) to (e), are committed to fund public infrastructure projects contained in the development plan adopted by the city under Minnesota Statutes, section 469.42, including all associated financing costs; otherwise the taxes terminate when ~~beyond the date~~ the city council determines that sufficient funds have been received from the taxes to finance ~~\$111,500,000 of the expenditures and bonds for the projects authorized in subdivision 3, paragraph (a) paragraphs (a) to (e), plus an amount equal to the costs of issuance of the bonds and including the amount to prepay or retire at maturity the principal, interest, and premiums due on any bonds issued for the projects under subdivision 4, paragraph (a), if approved by the voters of the city at the general election in 2012. If the election to authorize the additional \$139,500,000 of bonds plus an amount equal to the costs of the issuance of the bonds is placed on the general election ballot in 2012, the city may continue to collect the taxes authorized in subdivisions 1 and 2 until December 31, 2012. The question put to the voters must indicate that an affirmative vote would allow sales tax revenues be raised for an extended period of time and an additional \$139,500,000 of bonds plus an amount equal to the costs of issuance of the bonds, to be issued above the amount authorized in the previous elections required under paragraphs (a) and (b) for the projects and amounts specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that \$139,500,000~~

181.1 ~~has been received from the taxes to finance the projects plus an amount sufficient to~~
181.2 ~~prepay or retire at maturity the principal, interest, and premium due on any bonds issued~~
181.3 ~~for the projects under subdivision 4, including any bonds issued to refund the bonds. Any~~
181.4 ~~funds remaining after completion of the projects and retirement or redemption of the~~
181.5 ~~bonds may be placed in the general fund of the city.~~

181.6 (d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of 2041,
181.7 or when the city council determines that sufficient funds have been raised from the tax
181.8 plus all other city funding sources authorized in this article to meet the city obligation for
181.9 financing the public infrastructure projects contained in the development plan adopted by
181.10 the city under Minnesota Statutes, section 469.42, including all associated financing costs.

181.11 Sec. 12. **ROCHESTER AREA DEVELOPMENT AND TRANSPORTATION**
181.12 **IMPACTS STUDY.**

181.13 (a) From funds appropriated by law for the purposes of this section, the commissioner
181.14 of transportation shall in consultation with the Rochester-Olmsted Council of Governments
181.15 enter into an agreement with a consultant to perform a study of economic development
181.16 and transportation impacts in the Rochester metropolitan area, including the feasibility of
181.17 high-speed rail between Rochester and the seven-county metropolitan area. To be eligible,
181.18 a consultant must have experience and expertise in a majority of the following: economics,
181.19 economic development, demography, urban planning, engineering, and transportation.

181.20 (b) At a minimum, the study under this section must:

181.21 (1) utilize at least a 20-year planning horizon;

181.22 (2) perform a comprehensive planning assessment of key transportation
181.23 infrastructure throughout the Rochester metropolitan area based on (i) long-range
181.24 transportation plans developed by the Rochester-Olmsted Council of Governments, and
181.25 (ii) expected and potential economic development patterns;

181.26 (3) analyze major roadways across all jurisdictions including, but not limited to,
181.27 trunk highways; county highways; and arterial city streets; and interconnections with other
181.28 modes in conjunction with ongoing rail and airports studies;

181.29 (4) analyze the feasibility of a high-speed rail connection between Rochester and the
181.30 Mall of America via Minnesota State Highway 77 with connections to the Minneapolis-St.
181.31 Paul International Airport and the Union Depot in St. Paul;

181.32 (5) to the extent feasible, take into account available data, forecasts, available
181.33 transportation demand modeling information, and transportation impacts of major
181.34 economic initiatives and proposals including, but not limited to, expansion of the Mayo
181.35 Clinic; and

182.1 (6) provide scenarios and identify revenue shortfalls to address both short-term and
182.2 long-term deficiencies in safety, mobility, congestion, and transportation infrastructure
182.3 condition.

182.4 (c) By January 15, 2014, the commissioner shall provide an electronic copy of the
182.5 study to the chairs and ranking minority members of the legislative committees with
182.6 jurisdiction over transportation policy and finance, as provided in Minnesota Statutes,
182.7 section 174.02, subdivision 8.

182.8 Sec. 13. **EFFECTIVE DATE.**

182.9 Except as otherwise provided, this article is effective the day after the governing
182.10 body of the city of Rochester and its chief clerical officer timely comply with Minnesota
182.11 Statutes, section 645.021, subdivisions 2 and 3.

182.12 **ARTICLE 11**

182.13 **MINING TAXES**

182.14 Section 1. **[116C.992] SILICA SAND MINING ACCOUNT.**

182.15 A silica sand mining account is created in the special revenue fund. Money in the
182.16 account is available for development of model standards, technical assistance to counties
182.17 and other governments, other assistance to counties, and other purposes as appropriated
182.18 by law.

182.19 Sec. 2. Minnesota Statutes 2012, section 126C.48, subdivision 8, is amended to read:

182.20 Subd. 8. **Taconite payment and other reductions.** (1) Reductions in levies
182.21 pursuant to subdivision 1 must be made prior to the reductions in clause (2).

182.22 (2) Notwithstanding any other law to the contrary, districts that have revenue
182.23 pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed
182.24 under sections 298.26; 298.28, subdivision 4, paragraphs (c), clause (ii), and (d); 298.34
182.25 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon
182.26 severed mineral values must reduce the levies authorized by this chapter and chapters
182.27 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by 95 percent of the sum of the
182.28 previous year's revenue specified under this clause and the amount attributable to the same
182.29 production year distributed to the cities and townships within the school district under
182.30 section 298.28, subdivision 2, paragraph (c).

182.31 (3) The amount of any voter approved referendum, facilities down payment, and
182.32 debt levies shall not be reduced by more than 50 percent under this subdivision. In
182.33 administering this paragraph, the commissioner shall first reduce the nonvoter approved

levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

EFFECTIVE DATE. This section is effective for levies certified in 2013 and later.

Sec. 3. **[297J.01] DEFINITIONS.**

Subdivision 1. Scope. Unless otherwise defined in this chapter, or unless the context clearly indicates otherwise, the terms used in this chapter have the meaning given them in this section. The definitions in this section are for tax administration purposes and apply to this chapter.

Subd. 2. Commissioner. "Commissioner" means the commissioner of revenue or a person to whom the commissioner has delegated functions.

Subd. 3. **Mining.** "Mining" means excavating and mining of silica sand by any process, including digging, excavating, drilling, blasting, tunneling, dredging, stripping, or by shaft.

Subd. 4. **Person.** "Person" means an individual, fiduciary, estate, trust, partnership, or corporation.

Subd. 5. **Processing.** "Processing" means washing, cleaning, screening, crushing, filtering, sorting, stockpiling, and storing silica sand at the mining site or at any other site.

Subd. 6. **Qualified processor.** "Qualified processor" means any person who operates a mining and processing facility at the same location and uses means to reasonably prevent silica sand particles from becoming airborne. These methods include, but are not limited to, prohibiting outdoor storage piles, the use of a slurry pipeline to carry aggregate material into the washing facility, completely enclosing the washing facility, and any other means necessary or reasonable to significantly prevent silica sand particles from becoming airborne.

Subd. 7. **Silica sand.** "Silica sand" means well-rounded, sand-sized grains of quartz (silica dioxide) with very few impurities in terms of other minerals. Specifically, silica sand for the purpose of this section is commercially valuable for use in the hydraulic fracturing of shale to obtain oil and natural gas. Silica sand does not include common rock, stone, aggregate, gravel, sand with a low quartz level, or silica compounds recovered as a by-product of metallic mining.

Subd. 8. **Temporary storage.** "Temporary storage" means the storage of stockpiles of silica sand that have been transported and are awaiting further transport or processing.

Subd. 9. **Ton.** "Ton" means 2,000 pounds.

Subd. 10. **Transporting.** "Transporting" means hauling silica sand, by any carrier:

(1) from the mining site to a processing or transfer site; or

(2) from a processing or storage site to a rail, barge, or transfer site for shipment.

Subd. 11. **Year.** "Year" means a calendar year.

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

Sec. 4. **[297J.02] TAX IMPOSED.**

Subdivision 1. **Mining and storage tax; rate.** A tax is hereby imposed on any person who: (1) mines silica sand from within the state; or (2) transports silica sand into and stores the sand in the state. The rate of tax imposed is 55 cents per cubic yard of silica sand mined or stored. The volume includes any material removed from the extraction site prior to washing. For any person mining silica sand in a county that imposes the aggregate

tax authorized under section 298.75, subdivisions 2 and 3, a credit equal to the amount of aggregate tax paid to the county is applied against the tax due under this section.

Subd. 2. Processing tax; rate. (a) A tax is hereby imposed on any person engaged in washing or processing silica sand within the state. The rate of tax imposed is three percent of the market value of the silica sand processed. Market value is determined based on the sale price of the processed silica sand.

(b) Notwithstanding paragraph (a), the rate of tax imposed on a qualified processor is one percent of the market value of the silica sand processed in the state.

Subd. 3. Exemption. A person is exempt from the mining tax in subdivision 1 if the person transports less than ten percent of the finished product on public roads.

Subd. 4. Report and remittance. Taxes imposed by this section are due and payable to the commissioner when the fracturing sand return is required to be filed. Persons mining or processing fracturing sand must file their monthly fracturing sand reports showing the amount of fracturing sand extracted or processed during the month reported on a form prescribed by the commissioner. Reports of extraction and processing fracturing sand and 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.

Subd. 5. Proceeds of taxes. Revenue received from taxes under this chapter, as well as all related penalties, interest, fees, and miscellaneous sources of revenue, must be deposited by the commissioner in the state treasury and credited as follows:

(1) \$2,000,000 in fiscal year 2014, \$2,690,000 in fiscal year 2015, and \$2,000,000 in each fiscal year thereafter must be credited to the silica sand mining account in the special revenue fund under section 116C.992; and

(2) the balance of revenues derived from taxes, penalties, interest, fees, and miscellaneous sources of income are credited to the general fund.

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

Subd. 7. Refunds; appropriation. A person who has, under this chapter, paid to the commissioner an amount of tax for a period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of the excess. The

186.1 amount necessary to pay the refunds under this subdivision is appropriated from the
186.2 general fund to the commissioner.

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

186.4 Sec. 5. **[297J.03] REGISTRATION; REPORTING; FILING REQUIREMENTS.**

186.5 Subdivision 1. **Registration.** A person who extracts or processes silica sand within
186.6 the state must register with the commissioner, on a form prescribed by the commissioner,
186.7 for a silica sand identification number. The commissioner shall issue the applicant a
186.8 registration number. A registration number is not assignable and is valid only for the
186.9 person in whose name it is issued.

186.10 Subd. 2. **Reporting.** (a) A person who extracts or processes silica sand in this state
186.11 must file a report showing the amount of silica sand extracted or processed monthly on or
186.12 before the 20th day of the month following the month in which the silica sand was extracted
186.13 or processed. The commissioner may inspect the premises, books, and records, of a person
186.14 subject to the silica sand tax during the normal business hours of the person extracting or
186.15 processing silica sand. A person violating this section is guilty of a misdemeanor.

186.16 (b) A person shall keep at each place of business complete and accurate records
186.17 for that place of business, including records of silica sand extracted or processed in the
186.18 state. Scale records, sales records, or any other records of tons of silica sand extracted
186.19 or processed in this state, produced or maintained by the person extracting or processing
186.20 silica sand, must be retained by the person extracting or processing silica sand in this
186.21 state. Books, records, invoices, and other papers and documents required by this section
186.22 must be kept for a period of at least 3-1/2 years after the date of the monthly silica sand
186.23 report unless the commissioner of revenue authorizes, in writing, their destruction or
186.24 disposal at an earlier date.

186.25 Subd. 3. **Extensions.** If, in the commissioner's judgment, good cause exists, the
186.26 commissioner may extend the time for filing reports under this section and silica sand
186.27 returns under section 297J.02 and for paying taxes under section 297J.02 for not more
186.28 than six months.

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

186.30 Sec. 6. **[297J.04] LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.**

186.31 Subdivision 1. **Assessment.** Except as otherwise provided in this chapter, the
186.32 amount of taxes assessable must be assessed within 3-1/2 years after the date the return is
186.33 filed, whether or not the return is filed on or after the date prescribed. A return must not be

187.1 treated as filed until it is in processible form. A return is in processible form if it is filed
187.2 on a permitted form and contains sufficient data to identify the taxpayer and permit the
187.3 mathematical verification of the tax liability shown on the return. For purposes of this
187.4 section, a return filed before the last day prescribed by law for filing is considered to
187.5 be filed on the last day.

187.6 Subd. 2. **False or fraudulent return.** Notwithstanding subdivision 1, the tax may be
187.7 assessed at any time if a false or fraudulent return is filed or if a taxpayer fails to file a return.

187.8 Subd. 3. **Omission in excess of 25 percent.** Additional taxes may be assessed
187.9 within 6-1/2 years after the due date of the return or the date the return was filed,
187.10 whichever is later, if the taxpayer omits from a return taxes in excess of 25 percent of
187.11 the taxes reported in the return.

187.12 Subd. 4. **Time limit on refunds.** Unless otherwise provided in this chapter, a claim
187.13 for a refund of an overpayment of tax must be filed within 3-1/2 years from the date
187.14 prescribed for filing the silica sand tax return. Interest on refunds must be computed at
187.15 the rate specified in section 270C.405 from the date of payment to the date the refund is
187.16 paid or credited. For purposes of this subdivision, the date of payment is the later of the
187.17 date the tax was finally due or was paid.

187.18 Subd. 5. **Bankruptcy; suspension of time.** The time during which a tax must be
187.19 assessed or collection proceedings begun is suspended during the period from the date of a
187.20 filing of a petition in bankruptcy until 30 days after either: (1) notice to the commissioner
187.21 that the bankruptcy proceedings have been closed or dismissed; or (2) the automatic stay
187.22 has been ended or has expired, whichever occurs first. The suspension of the statute of
187.23 limitations under this subdivision applies to the person the petition in bankruptcy is filed
187.24 against, and all other persons who may also be wholly or partially liable for the tax.

187.25 Subd. 6. **Extension agreement.** If, before the expiration of time prescribed in
187.26 subdivisions 1 and 4 for the assessment of tax or the filing of a claim for refund, both the
187.27 commissioner and the taxpayer have consented in writing to the assessment or filing of a
187.28 claim for refund after that time, the tax may be assessed or the claim for refund filed at any
187.29 time before the expiration of the agreed upon period. The period may be extended by later
187.30 agreements in writing before the expiration of the period previously agreed upon.

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

187.32 Sec. 7. **[297J.05] CIVIL PENALTIES.**

187.33 Subdivision 1. **Penalty for failure to pay tax.** If a tax is not paid within the time
187.34 specified for payment, a penalty is added to the amount required to be shown as tax. The
187.35 penalty is five percent of the unpaid tax if the failure is for not more than 30 days, with

an additional penalty of five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 15 percent in the aggregate. For purposes of this subdivision, if the taxpayer has not filed a return, the time specified for payment is the final date a return should have been filed.

Subd. 2. **Penalty for failure to make and file return.** If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is five percent of the amount of tax not paid on or before the date prescribed for payment of the tax.

Subd. 3. **Penalty for intentional disregard of law or rules.** If part of an additional assessment is due to negligence or intentional disregard of the provisions of this chapter or rules of the commissioner of revenue (but without intent to defraud), there is added to the tax an amount equal to ten percent of the additional assessment.

Subd. 4. **Penalty for false or fraudulent return; evasion.** If a person files a false or fraudulent return, or attempts in any manner to evade or defeat a tax or payment of tax, there is imposed on the person a penalty equal to 50 percent of the tax found due for the period to which the return related, less amounts paid by the person on the basis of the false or fraudulent return.

Subd. 5. **Penalty for repeated failures to file returns or pay taxes.** If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270C.34.

Subd. 6. **Payment of penalties.** The penalties imposed by this section must be collected and paid in the same manner as taxes. These penalties are in addition to criminal penalties imposed by this chapter.

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

Sec. 8. [297J.07] INTEREST.

Subdivision 1. **Rate.** If an interest assessment is required under this section, interest is computed at the rate specified in section 270C.40.

Subd. 2. **Late payment.** If a tax is not paid within the time specified by law for payment, the unpaid tax bears interest from the date the tax should have been paid until the date the tax is paid.

Subd. 3. **Extensions.** If an extension of time for payment has been granted, interest must be paid from the date the payment should have been made if no extension had been granted, until the date the tax is paid.

Subd. 4. **Additional assessments.** If a taxpayer is liable for additional taxes because of a redetermination by the commissioner, or for any other reason, the additional taxes bear interest from the time the tax should have been paid, without regard to any extension allowed, until the date the tax is paid.

Subd. 5. **Erroneous refunds.** In the case of an erroneous refund, interest accrues from the date the refund was paid unless the erroneous refund results from a mistake of the department, then no interest or penalty is imposed unless the deficiency assessment is not satisfied within 60 days of the order.

Subd. 6. **Interest on judgments.** Notwithstanding section 549.09, if judgment is entered in favor of the commissioner with regard to any tax, the judgment bears interest at the rate specified in section 270C.40 from the date the judgment is entered until the date of payment.

Subd. 7. **Interest on penalties.** A penalty imposed under section 297J.05, subdivision 1, 2, 3, 4, or 5, bears interest from the date the return or payment was required to be filed or paid, including any extensions, to the date of payment of the penalty.

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

Sec. 9. Minnesota Statutes 2012, section 298.01, subdivision 3, is amended to read:

Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of mining, refining, or producing ores, metals, or minerals in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. For purposes of this subdivision, mining includes the application of hydrometallurgical processes. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by applying to taxable income the rate of ~~2.45 percent~~ equal to one-half of the rate that applies under section 290.06, subdivision 1, for the taxable year. A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:

(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;

(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

The tax is in addition to all other taxes.

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

Sec. 10. Minnesota Statutes 2012, section 298.01, subdivision 4, is amended to read:

Subd. 4. **Occupation tax; iron ore; taconite concentrates.** A person engaged in the business of mining or producing of iron ore, taconite concentrates or direct reduced ore in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax shall be computed by applying to taxable income the rate of ~~2.45 percent~~ equal to one-half of the rate that applies under section 290.06, subdivision 1, for the taxable year. A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:

(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;

(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

The tax is in addition to all other taxes.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2012.

191.1 Sec. 11. Minnesota Statutes 2012, section 298.227, as amended by Laws 2013, chapter
191.2 3, section 17, is amended to read:

191.3 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

191.4 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
191.5 production and qualifying sales under section 298.28, subdivision 9a, shall be held by
191.6 the Iron Range Resources and Rehabilitation Board in a separate taconite economic
191.7 development fund for each taconite and direct reduced ore producer. Money from the
191.8 fund for each producer shall be released by the commissioner after review by a joint
191.9 committee consisting of an equal number of representatives of the salaried employees and
191.10 the nonsalaried production and maintenance employees of that producer. The District 11
191.11 director of the United States Steelworkers of America, on advice of each local employee
191.12 president, shall select the employee members. In nonorganized operations, the employee
191.13 committee shall be elected by the nonsalaried production and maintenance employees. The
191.14 review must be completed no later than six months after the producer presents a proposal
191.15 for expenditure of the funds to the committee. The funds held pursuant to this section may
191.16 be released only for workforce development and associated public facility improvement,
191.17 or for acquisition of plant and stationary mining equipment and facilities for the producer
191.18 or for research and development in Minnesota on new mining, or taconite, iron, or steel
191.19 production technology, but only if the producer provides a matching expenditure equal to
191.20 the amount of the distribution to be used for the same purpose ~~of at least 50 percent of~~
191.21 ~~the distribution based on 14.7 cents per ton~~ beginning with distributions in ~~2002~~ 2014.
191.22 Effective for proposals for expenditures of money from the fund beginning May 26, 2007,
191.23 the commissioner may not release the funds before the next scheduled meeting of the
191.24 board. If a proposed expenditure is not approved by the board, the funds must be deposited
191.25 in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a
191.26 producer uses money which has been released from the fund prior to May 26, 2007 to
191.27 procure haulage trucks, mobile equipment, or mining shovels, and the producer removes
191.28 the piece of equipment from the taconite tax relief area defined in section 273.134 within
191.29 ten years from the date of receipt of the money from the fund, a portion of the money
191.30 granted from the fund must be repaid to the taconite economic development fund. The
191.31 portion of the money to be repaid is 100 percent of the grant if the equipment is removed
191.32 from the taconite tax relief area within 12 months after receipt of the money from the fund,
191.33 declining by ten percent for each of the subsequent nine years during which the equipment
191.34 remains within the taconite tax relief area. If a taconite production facility is sold after
191.35 operations at the facility had ceased, any money remaining in the fund for the former
191.36 producer may be released to the purchaser of the facility on the terms otherwise applicable

to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a value-added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by the board. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

(c) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the Iron Range Resources and Rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.

EFFECTIVE DATE. This section is effective beginning for the 2014 distribution.

193.1 Sec. 12. Minnesota Statutes 2012, section 298.24, subdivision 1, is amended to read:

193.2 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2001, 2002,
193.3 ~~and 2003~~ 2013, there is imposed upon taconite and iron sulphides, and upon the mining
193.4 and quarrying thereof, and upon the production of iron ore concentrate therefrom, and
193.5 upon the concentrate so produced, a tax of ~~\$2.103~~ \$2.56 per gross ton of merchantable
193.6 iron ore concentrate produced therefrom. ~~For concentrates produced in 2005, the tax rate~~
193.7 ~~is the same rate imposed for concentrates produced in 2004. For concentrates produced in~~
193.8 ~~2009 and subsequent years,~~ The tax is also imposed upon other iron-bearing material.

193.9 (b) For concentrates produced in ~~2006~~ 2014 and subsequent years, the tax rate shall
193.10 be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax
193.11 rate multiplied by the percentage increase in the implicit price deflator from the fourth
193.12 quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit
193.13 price deflator" means the implicit price deflator for the gross domestic product prepared by
193.14 the Bureau of Economic Analysis of the United States Department of Commerce.

193.15 (c) An additional tax is imposed equal to three cents per gross ton of merchantable
193.16 iron ore concentrate for each one percent that the iron content of the product exceeds 72
193.17 percent, when dried at 212 degrees Fahrenheit.

193.18 (d) The tax on taconite and iron sulphides shall be imposed on the average of the
193.19 production for the current year and the previous two years. The rate of the tax imposed
193.20 will be the current year's tax rate. This clause shall not apply in the case of the closing
193.21 of a taconite facility if the property taxes on the facility would be higher if this clause
193.22 and section 298.25 were not applicable. The tax on other iron-bearing material shall be
193.23 imposed on the current year production.

193.24 (e) If the tax or any part of the tax imposed by this subdivision is held to be
193.25 unconstitutional, a tax of ~~\$2.103~~ \$2.56 per gross ton of merchantable iron ore concentrate
193.26 produced shall be imposed.

193.27 (f) Consistent with the intent of this subdivision to impose a tax based upon the
193.28 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly
193.29 determine the weight of merchantable iron ore concentrate included in fluxed pellets by
193.30 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic
193.31 flux additives included in the pellets from the weight of the pellets. For purposes of this
193.32 paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite,
193.33 olivine, or other basic flux additives are combined with merchantable iron ore concentrate.
193.34 No subtraction from the weight of the pellets shall be allowed for binders, mineral and
193.35 chemical additives other than basic flux additives, or moisture.

194.1 (g)(1) Notwithstanding any other provision of this subdivision, for the first two years
194.2 of a plant's commercial production of direct reduced ore from ore mined in this state, no
194.3 tax is imposed under this section. As used in this paragraph, "commercial production" is
194.4 production of more than 50,000 tons of direct reduced ore in the current year or in any prior
194.5 year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore
194.6 in any year, and "direct reduced ore" is ore that results in a product that has an iron content
194.7 of at least 75 percent. For the third year of a plant's commercial production of direct
194.8 reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise
194.9 determined under this subdivision. For the fourth commercial production year, the rate is
194.10 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial
194.11 production year, the rate is 75 percent of the rate otherwise determined under this
194.12 subdivision; and for all subsequent commercial production years, the full rate is imposed.

194.13 (2) Subject to clause (1), production of direct reduced ore in this state is subject to
194.14 the tax imposed by this section, but if that production is not produced by a producer of
194.15 taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron
194.16 sulfides, or other iron-bearing material, that is consumed in the production of direct
194.17 reduced iron in this state is not subject to the tax imposed by this section on taconite,
194.18 iron sulfides, or other iron-bearing material.

194.19 (3) Notwithstanding any other provision of this subdivision, no tax is imposed
194.20 on direct reduced ore under this section during the facility's noncommercial production
194.21 of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial
194.22 production of direct reduced ore is subject to the tax imposed by this section on taconite
194.23 and iron sulphides. Three-year average production of direct reduced ore does not
194.24 include production of direct reduced ore in any noncommercial year. Three-year average
194.25 production for a direct reduced ore facility that has noncommercial production is the
194.26 average of the commercial production of direct reduced ore for the current year and the
194.27 previous two commercial years.

194.28 (4) This paragraph applies only to plants for which all environmental permits have
194.29 been obtained and construction has begun before July 1, 2008.

194.30 **EFFECTIVE DATE.** This section is effective beginning for the 2013 production
194.31 year.

194.32 Sec. 13. Minnesota Statutes 2012, section 298.28, subdivision 4, is amended to read:

194.33 Subd. 4. **School districts.** (a) ~~23.15~~ 32.15 cents per taxable ton, plus the increase
194.34 provided in paragraph (d), less the amount that would have been computed under
194.35 Minnesota Statutes 2008, section 126C.21, subdivision 4, for the current year for that

district, must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b), (c), and (f).

(b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(ii) Four cents per taxable ton from each taconite facility must be distributed to each affected school district for deposit in a fund dedicated to building maintenance and repairs, as follows:

(1) proceeds from Keewatin Taconite or its successor are distributed to Independent School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor districts;

(2) proceeds from the Hibbing Taconite Company or its successor are distributed to Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor districts;

(3) proceeds from the Mittal Steel Company and Minntac or their successors are distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia, 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

(4) proceeds from the Northshore Mining Company or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their successor districts; and

(5) proceeds from United Taconite or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their successor districts.

Revenues that are required to be distributed to more than one district shall be apportioned according to the number of pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year.

(c)(i) ~~15.72~~ 24.72 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts which qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.

Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values after reduction for any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy reduction under section 126C.48, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i). If there are insufficient tax proceeds to make the distribution provided under this paragraph in any year, money must be transferred from the taconite property tax relief account in subdivision 6, to the extent of the shortfall in the distribution.

(d)(1) Any school district described in paragraph (c) where a levy increase pursuant to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001, shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in ~~the second previous year~~ 2011.

(2) Districts qualifying under paragraph (c) must receive additional taconite aid each year equal to 22.5 percent of the amount obtained by subtracting:

(i) 1.8 percent of the district's net tax capacity for 2011, from:

(ii) the district's weighted average daily membership for fiscal year 2012 multiplied by the sum of:

(A) \$415, plus

(B) the district's referendum revenue allowance for fiscal year 2013.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 126C.13 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of Iron Range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the Douglas J. Johnson economic protection trust fund as provided in subdivision 11.

197.1 Each district receiving money according to this paragraph shall reserve the lesser of
197.2 the amount received under this paragraph or \$25 times the number of pupil units served
197.3 in the district. It may use the money for early childhood programs ~~or for outcome-based~~
197.4 ~~learning programs that enhance the academic quality of the district's curriculum. The~~
197.5 ~~outcome-based learning programs must be approved by the commissioner of education.~~

197.6 (e) There shall be distributed to any school district the amount which the school
197.7 district was entitled to receive under section 298.32 in 1975.

197.8 (f) Four cents per taxable ton must be distributed to qualifying school districts
197.9 according to the distribution specified in paragraph (b), clause (ii), and two cents per taxable
197.10 ton must be distributed according to the distribution specified in paragraph (c). These
197.11 amounts are not subject to sections 126C.21, subdivision 4, and 126C.48, subdivision 8.

197.12 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

197.13 Sec. 14. Minnesota Statutes 2012, section 298.28, subdivision 6, is amended to read:

197.14 Subd. 6. **Property tax relief.** (a) In ~~2002~~ 2014 and thereafter, ~~33.9~~ 34.8 cents per
197.15 taxable ton, less any amount required to be distributed under paragraphs (b) and (c), or
197.16 section 298.2961, subdivision 5, must be allocated to St. Louis County acting as the
197.17 counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

197.18 (b) If an electric power plant owned by and providing the primary source of power
197.19 for a taxpayer mining and concentrating taconite is located in a county other than the
197.20 county in which the mining and the concentrating processes are conducted, .1875 cent per
197.21 taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county.

197.22 (c) If an electric power plant owned by and providing the primary source of power
197.23 for a taxpayer mining and concentrating taconite is located in a school district other than
197.24 a school district in which the mining and concentrating processes are conducted, .4541
197.25 cent per taxable ton of the tax imposed and collected from the taxpayer shall be paid to
197.26 the school district.

197.27 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

197.28 Sec. 15. Minnesota Statutes 2012, section 298.28, subdivision 10, is amended to read:

197.29 Subd. 10. **Increase.** (a) Except as provided in paragraph (b), beginning with
197.30 distributions in 2000, the amount determined under subdivision 9 shall be increased in the
197.31 same proportion as the increase in the implicit price deflator as provided in section 298.24,
197.32 subdivision 1. Beginning with distributions in ~~2003~~ 2015, the amount determined under

198.1 subdivision 6, paragraph (a), shall be increased in the same proportion as the increase in
198.2 the implicit price deflator as provided in section 298.24, subdivision 1.

198.3 (b) For distributions in 2005 and subsequent years, an amount equal to the increased
198.4 tax proceeds attributable to the increase in the implicit price deflator as provided in
198.5 section 298.24, subdivision 1, for taxes paid in 2005, except for the amount of revenue
198.6 increases provided in subdivision 4, paragraph (d), is distributed to the grant and loan fund
198.7 established in section 298.2961, subdivision 4.

198.8 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

198.9 Sec. 16. Minnesota Statutes 2012, section 298.75, subdivision 2, is amended to read:

198.10 Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that
198.11 imposes the aggregate production tax shall impose upon every operator a production tax
198.12 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the
198.13 county except that the county board may decide not to impose this tax if it determines
198.14 that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of
198.15 aggregate material from that county. A county board may authorize an additional tax on
198.16 aggregate material excavated in the county of up to 43 cents per cubic yard or 30 cents
198.17 per ton of aggregate material excavated in the county. The tax shall not be imposed on
198.18 aggregate material excavated in the county until the aggregate material is transported from
198.19 the extraction site or sold, whichever occurs first. When aggregate material is stored in a
198.20 stockpile within the state of Minnesota and a public highway, road or street is not used
198.21 for transporting the aggregate material, the tax shall not be imposed until either when the
198.22 aggregate material is sold, or when it is transported from the stockpile site, or when it is
198.23 used from the stockpile, whichever occurs first.

198.24 (b) Except as provided in paragraph (e), a county that imposes the aggregate
198.25 production tax under paragraph (a) shall impose upon every importer a production tax
198.26 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the
198.27 county. A county board may authorize an additional tax on every importer of up to 43
198.28 cents per cubic yard or 30 cents per ton of aggregate material imported into the county.
198.29 The tax shall be imposed when the aggregate material is imported from the extraction site
198.30 or sold. When imported aggregate material is stored in a stockpile within the state of
198.31 Minnesota and a public highway, road, or street is not used for transporting the aggregate
198.32 material, the tax shall be imposed either when the aggregate material is sold, when it is
198.33 transported from the stockpile site, or when it is used from the stockpile, whichever occurs
198.34 first. The tax shall be imposed on an importer when the aggregate material is imported
198.35 into the county that imposes the tax.

(c) If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road or street, the tax imposed by this section shall be apportioned equally between the county where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the county where the aggregate material was extracted shall receive all of the proceeds of the tax.

(d) A county, city, or town that receives revenue under this section is prohibited from imposing any additional host community fees on aggregate production within that county, city, or town.

(e) A county that borders two other states and that is not contiguous to a county that imposes a tax under this section may impose the taxes under paragraphs (a) and (b) at the rate of ten cents per cubic yard or seven cents per ton. This paragraph expires December 31, 2014.

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

Sec. 17. **2013 DISTRIBUTION ONLY.**

For the 2013 distribution, a special fund is established to receive \$4,700,000 of the amount that otherwise would be distributed under Minnesota Statutes, section 298.28, subdivision 6, and this amount must be paid as follows:

(1) \$2,000,000 to the city of Hibbing for improvements to the city's water supply system;

(2) \$1,700,000 to the city of Mountain Iron for the cost of moving utilities required as a result of actions undertaken by United States Steel Corporation; and

(3) \$1,000,000 to the city of Tower for improvements to a marina.

EFFECTIVE DATE. This section is effective for the 2013 distribution, all of which must be made in the August 2013 payment.

Sec. 18. **IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER; BONDS AUTHORIZED.**

Subdivision 1. **Issuance; purpose.** Notwithstanding any provision of Minnesota Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and rehabilitation may issue revenue bonds in a principal amount of \$38,000,000 in one or more series, and bonds to refund those bonds. The proceeds of the bonds must be used to make grants to school districts located in the taconite tax relief area defined in Minnesota Statutes, section 273.134, or the taconite assistance area defined in Minnesota Statutes, section

200.1 273.1341, to be used by the school districts to pay for building projects, such as energy
200.2 efficiency, technology, infrastructure, health, safety, and maintenance improvements.

200.3 Subd. 2. **Appropriation.** (a) There is annually appropriated from the distribution of
200.4 taconite production tax revenues under Minnesota Statutes, section 298.28, prior to the
200.5 calculation of the amount of the remainder under Minnesota Statutes, section 298.28,
200.6 subdivision 11, an amount sufficient to pay when due the principal and interest on the
200.7 bonds issued pursuant to subdivision 1. The appropriation under this section must not
200.8 exceed an amount equal to ten cents per taxable ton.

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

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

200.14 Subd. 3. **Credit enhancement.** The bonds issued under this section are "debt
200.15 obligations" and the commissioner of Iron Range resources and rehabilitation is a "district"
200.16 for purposes of Minnesota Statutes, section 126C.55, provided that advances made under
200.17 Minnesota Statutes, section 126C.55, subdivision 2, are not subject to Minnesota Statutes,
200.18 section 126C.55, subdivisions 4 to 7.

200.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and
200.20 applies beginning with the 2014 distribution under Minnesota Statutes, section 298.28.

200.21 **ARTICLE 12**

200.22 **PUBLIC FINANCE**

200.23 Section 1. Minnesota Statutes 2012, section 118A.04, subdivision 3, is amended to read:

200.24 Subd. 3. **State and local securities.** Funds may be invested in the following:

200.25 (1) any security which is a general obligation of any state or local government with
200.26 taxing powers which is rated "A" or better by a national bond rating service;

200.27 (2) any security which is a revenue obligation of any state or local government with
200.28 ~~taxing powers~~ which is rated "AA" or better by a national bond rating service; and

200.29 (3) a general obligation of the Minnesota housing finance agency which is a moral
200.30 obligation of the state of Minnesota and is rated "A" or better by a national bond rating
200.31 agency; and

200.32 (4) any security which is an obligation of a school district with an original maturity
200.33 not exceeding 13 months and (i) rated in the highest category by a national bond rating
200.34 service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

201.1 Sec. 2. Minnesota Statutes 2012, section 118A.05, subdivision 5, is amended to read:

201.2 Subd. 5. **Guaranteed investment contracts.** Agreements or contracts for
201.3 guaranteed investment contracts may be entered into if they are issued or guaranteed
201.4 by United States commercial banks, domestic branches of foreign banks, United States
201.5 insurance companies, or their Canadian subsidiaries, or the domestic affiliates of any
201.6 of the foregoing. The credit quality of the issuer's or guarantor's short- and long-term
201.7 unsecured debt must be rated in one of the two highest categories by a nationally
201.8 recognized rating agency. Agreements or contracts for guaranteed investment contracts
201.9 with a term of 18 months or less may be entered into regardless of the credit quality of
201.10 the issuer's or guarantor's long-term unsecured debt, provided that the credit quality of
201.11 the issuer's short-term unsecured debt is rated in the highest category by a nationally
201.12 recognized rating agency. Should the issuer's or guarantor's credit quality be downgraded
201.13 below "A", the government entity must have withdrawal rights.

201.14 Sec. 3. Minnesota Statutes 2012, section 216C.436, subdivision 7, is amended to read:

201.15 Subd. 7. **Repayment.** An implementing entity that finances an energy improvement
201.16 under this section must:

201.17 (1) secure payment with a lien against the ~~benefited~~ qualifying real property; and
201.18 (2) collect repayments as a special assessment as provided for in section 429.101
201.19 or by charter, provided that special assessments may be made payable in up to 20 equal
201.20 annual installments.

201.21 If the implementing entity is an authority, the local government that authorized
201.22 the authority to act as implementing entity shall impose and collect special assessments
201.23 necessary to pay debt service on bonds issued by the implementing entity under subdivision
201.24 8, and shall transfer all collections of the assessments upon receipt to the authority.

201.25 Sec. 4. Minnesota Statutes 2012, section 373.01, subdivision 3, is amended to read:

201.26 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without
201.27 referendum, issue capital notes subject to the county debt limit to purchase capital
201.28 equipment useful for county purposes that has an expected useful life at least equal to the
201.29 term of the notes. The notes shall be payable in not more than ten years and shall be
201.30 issued on terms and in a manner the board determines. A tax levy shall be made for
201.31 payment of the principal and interest on the notes, in accordance with section 475.61,
201.32 as in the case of bonds.

201.33 (b) For purposes of this subdivision, "capital equipment" means:

202.1 (1) public safety, ambulance, road construction or maintenance, and medical
202.2 equipment; and

202.3 (2) computer hardware and software, without regard to its expected useful life,
202.4 whether bundled with machinery or equipment or unbundled; together with application
202.5 development services and training related to the use of the computer hardware or software.

202.6 Sec. 5. Minnesota Statutes 2012, section 373.40, subdivision 1, is amended to read:

202.7 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
202.8 the meanings given.

202.9 (a) "Bonds" means an obligation as defined under section 475.51.

202.10 (b) "Capital improvement" means acquisition or betterment of public lands,
202.11 buildings, or other improvements within the county for the purpose of a county courthouse,
202.12 administrative building, health or social service facility, correctional facility, jail, law
202.13 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads
202.14 and bridges, public works facilities, fairground buildings, and records and data storage
202.15 facilities, and the acquisition of development rights in the form of conservation easements
202.16 under chapter 84C. An improvement must have an expected useful life of five years or more
202.17 to qualify. "Capital improvement" does not include a recreation or sports facility building
202.18 (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming
202.19 pool, exercise room or health spa), unless the building is part of an outdoor park facility
202.20 and is incidental to the primary purpose of outdoor recreation. For purposes of this section,
202.21 "capital improvement" includes expenditures for purposes described in this paragraph that
202.22 have been incurred by a county before approval of a capital improvement plan, if such
202.23 expenditures are included in a capital improvement plan approved on or before the date of
202.24 the public hearing under subdivision 2 regarding issuance of bonds for such expenditures.

202.25 (c) "Metropolitan county" means a county located in the seven-county metropolitan
202.26 area as defined in section 473.121 or a county with a population of 90,000 or more.

202.27 (d) "Population" means the population established by the most recent of the
202.28 following (determined as of the date the resolution authorizing the bonds was adopted):

202.29 (1) the federal decennial census,

202.30 (2) a special census conducted under contract by the United States Bureau of the
202.31 Census, or

202.32 (3) a population estimate made either by the Metropolitan Council or by the state
202.33 demographer under section 4A.02.

202.34 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
202.35 section 373.43.

203.1 (f) "Tax capacity" means total taxable market value, but does not include captured
203.2 market value.

203.3 Sec. 6. Minnesota Statutes 2012, section 373.40, subdivision 2, is amended to read:

203.4 Subd. 2. **Application of election requirement.** (a) Bonds issued by a county
203.5 to finance capital improvements under an approved capital improvement plan are not
203.6 subject to the election requirements of section 375.18 or 475.58. The bonds must be
203.7 approved by vote of at least three-fifths of the members of the county board. In the case
203.8 of a metropolitan county, the bonds must be approved by vote of at least two-thirds of
203.9 the members of the county board.

203.10 (b) Before issuance of bonds qualifying under this section, the county must publish
203.11 a notice of its intention to issue the bonds and the date and time of a hearing to obtain
203.12 public comment on the matter. The notice must be published in the official newspaper
203.13 of the county or in a newspaper of general circulation in the county. The notice must be
203.14 published at least 14, but not more than 28, days before the date of the hearing.

203.15 (c) A county may issue the bonds only upon obtaining the approval of a majority of
203.16 the voters voting on the question of issuing the obligations, if a petition requesting a vote
203.17 on the issuance is signed by voters equal to five percent of the votes cast in the county in
203.18 the last county general election and is filed with the county auditor within 30 days after
203.19 the public hearing. ~~The commissioner of revenue shall prepare a suggested form of the~~
203.20 ~~question to be presented at the election.~~ If the county elects not to submit the question to
203.21 the voters, the county shall not propose the issuance of bonds under this section for the
203.22 same purpose and in the same amount for a period of 365 days from the date of receipt
203.23 of the petition. If the question of issuing the bonds is submitted and not approved by the
203.24 voters, the provisions of section 475.58, subdivision 1a, shall apply.

203.25 Sec. 7. Minnesota Statutes 2012, section 383D.41, is amended by adding a subdivision
203.26 to read:

203.27 Subd. 10. **Housing improvement areas.** (a) The Dakota County Community
203.28 Development Agency has all powers of a city, in addition to its existing powers as an
203.29 implementing entity, under sections 428A.11 to 428A.21, in connection with housing
203.30 improvement areas in Dakota County. For purposes of the Dakota County Community
203.31 Development Agency's exercise of those powers the provisions of this subdivision apply.

203.32 (b) References in sections 428A.11 to 428A.21 to:

203.33 (1) a "mayor" are references to the executive director of the Dakota County
203.34 Community Development Agency;

204.1 (2) a "council" are references to the board of commissioners of the Dakota County
204.2 Community Development Agency; and

204.3 (3) a "city clerk" are references to an official of the Dakota County Community
204.4 Development Agency designated from time to time by the executive director of the Dakota
204.5 County Community Development Agency.

204.6 (c) Notwithstanding section 428A.11, subdivision 3, and 428A.13, subdivision 1,
204.7 the governing body of the Dakota County Community Development Agency may adopt
204.8 a resolution, rather than an ordinance, establishing one or more housing improvement
204.9 areas, and "enabling ordinance" means a resolution so adopted for purposes of sections
204.10 428A.11 to 428A.21.

204.11 (d) As long as the governing body of the Dakota County Community Development
204.12 Agency and the Dakota County Board of Commissioners consists of identical membership,
204.13 the Dakota County Community Development Agency may pledge the full faith, credit and
204.14 taxing power of Dakota County to obligations issued by the Dakota County Community
204.15 Development Agency under section 428A.16.

204.16 (e) Notwithstanding the provisions of section 428A.21, the establishment by the
204.17 Dakota County Community Development Agency of a new housing improvement area
204.18 after June 30, 2016, requires enactment of a special law authorizing establishment of the
204.19 area. Any extensions of the deadline for housing improvement districts under general law
204.20 beyond that date or repeal of the deadline also applies to housing improvement areas
204.21 established by the Dakota County Community Development Agency.

204.22 Sec. 8. Minnesota Statutes 2012, section 410.32, is amended to read:

204.23 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

204.24 (a) Notwithstanding any contrary provision of other law or charter, a home rule
204.25 charter city may, by resolution and without public referendum, issue capital notes subject
204.26 to the city debt limit to purchase capital equipment.

204.27 (b) For purposes of this section, "capital equipment" means:

204.28 (1) public safety equipment, ambulance and other medical equipment, road
204.29 construction and maintenance equipment, and other capital equipment; and

204.30 (2) computer hardware and software, without regard to its expected useful life,
204.31 whether bundled with machinery or equipment or unbundled, together with application
204.32 development services and training related to the use of the computer hardware and software.

204.33 (c) The equipment or software must have an expected useful life at least as long
204.34 as the term of the notes.

205.1 (d) The notes shall be payable in not more than ten years and be issued on terms and
205.2 in the manner the city determines. The total principal amount of the capital notes issued
205.3 in a fiscal year shall not exceed 0.03 percent of the market value of taxable property
205.4 in the city for that year.

205.5 (e) A tax levy shall be made for the payment of the principal and interest on the
205.6 notes, in accordance with section 475.61, as in the case of bonds.

205.7 (f) Notes issued under this section shall require an affirmative vote of two-thirds of
205.8 the governing body of the city.

205.9 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
205.10 city may also issue capital notes subject to its debt limit in the manner and subject to the
205.11 limitations applicable to statutory cities pursuant to section 412.301.

205.12 Sec. 9. Minnesota Statutes 2012, section 412.301, is amended to read:

205.13 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

205.14 (a) The council may issue certificates of indebtedness or capital notes subject to the
205.15 city debt limits to purchase capital equipment.

205.16 (b) For purposes of this section, "capital equipment" means:

205.17 (1) public safety equipment, ambulance and other medical equipment, road
205.18 construction and maintenance equipment, and other capital equipment; and

205.19 (2) computer hardware and software, without regard to its expected useful life,
205.20 whether bundled with machinery or equipment or unbundled-, together with application
205.21 development services and training related to the use of the computer hardware or software.

205.22 (c) The equipment or software must have an expected useful life at least as long as
205.23 the terms of the certificates or notes.

205.24 (d) Such certificates or notes shall be payable in not more than ten years and shall be
205.25 issued on such terms and in such manner as the council may determine.

205.26 (e) If the amount of the certificates or notes to be issued to finance any such purchase
205.27 exceeds 0.25 percent of the market value of taxable property in the city, they shall not
205.28 be issued for at least ten days after publication in the official newspaper of a council
205.29 resolution determining to issue them; and if before the end of that time, a petition asking
205.30 for an election on the proposition signed by voters equal to ten percent of the number of
205.31 voters at the last regular municipal election is filed with the clerk, such certificates or notes
205.32 shall not be issued until the proposition of their issuance has been approved by a majority
205.33 of the votes cast on the question at a regular or special election.

205.34 (f) A tax levy shall be made for the payment of the principal and interest on such
205.35 certificates or notes, in accordance with section 475.61, as in the case of bonds.

206.1 Sec. 10. **[435.39] MUNICIPAL STREET IMPROVEMENT DISTRICTS.**

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

206.4 (b) "Governing body" means the city council of a municipality.

206.5 (c) "Improvements" means construction, reconstruction, and facility upgrades
206.6 involving: right-of-way acquisition; paving; curbs and gutters; bridges and culverts and
206.7 their repair; milling; overlaying; drainage and storm sewers; excavation; base work;
206.8 subgrade corrections; street lighting; traffic signals; signage; sidewalks; pavement
206.9 markings; boulevard and easement restoration; impact mitigation; connection and
206.10 reconnection of utilities; turn lanes; medians; street and alley returns; retaining walls;
206.11 fences; lane additions; and fixed transit infrastructure, trails, or pathways. "Fixed transit
206.12 infrastructure" does not include commuter rail rolling stock, light rail vehicles, or
206.13 transit way buses; capital costs for park-and-ride facilities; feasibility studies, planning,
206.14 alternative analyses, environmental studies, engineering, or construction of transit ways;
206.15 or operating assistance for transit ways.

206.16 (d) "Maintenance" means striping, seal coating, crack sealing, pavement repair,
206.17 sidewalk maintenance, signal maintenance, street light maintenance, and signage.

206.18 (e) "Municipal street" means a street, alley, or public way in which the municipality
206.19 is the road authority with powers conferred by section 429.021.

206.20 (f) "Municipality" means a home rule charter or statutory city.

206.21 (g) "Street improvement district" means a geographic area designated by a
206.22 municipality and located within the municipality within which street improvements and
206.23 maintenance may be undertaken and financed according to this section.

206.24 (h) "Unimproved parcel" means a parcel of land that abuts an:

206.25 (1) unimproved municipal street and that is not served by municipal sewer or water
206.26 utilities; or

206.27 (2) improved municipal street and served by municipal sewer or water utilities
206.28 and that:

206.29 (i) is not improved by construction of an authorized structure; or

206.30 (ii) contains a structure that has not previously been occupied.

206.31 Subd. 2. **Authorization.** A municipality may establish by ordinance municipal
206.32 street improvement districts and may defray all or part of the total costs of municipal street
206.33 improvements and maintenance by apportioning street improvement fees to all of the
206.34 developed parcels located in the district. A street improvement district must not include
206.35 any property already located in another street improvement district.

207.1 Subd. 3. **Uniformity.** (a) The total costs of municipal street improvements and
207.2 maintenance must be apportioned to all developed parcels or developed tracts of land
207.3 located in the established street improvement district on a uniform basis within each
207.4 classification of real estate. Apportionment must be made on the basis of one of the
207.5 following:

207.6 (1) estimated market value;

207.7 (2) tax capacity;

207.8 (3) front footage;

207.9 (4) land or building area; or

207.10 (5) some combination of clauses (1) to (4).

207.11 (b) Costs must not be apportioned in such a way that the cost borne by any
207.12 classification of property is more than twice the cost that would be borne by that
207.13 classification if costs were apportioned uniformly to all classifications of property under
207.14 the method selected in paragraph (a), clauses (1) to (5).

207.15 Subd. 4. **Adoption of plan.** Before establishing a municipal street improvement
207.16 district or authorizing a street improvement fee, a municipality must propose and adopt a
207.17 street improvement plan that identifies the location of the municipal street improvement
207.18 district and identifies and estimates the costs of the proposed improvements during the
207.19 proposed period of collection of municipal street improvement fees, which must be for
207.20 a period of at least five years and at most 20 years. Notice of a public hearing on the
207.21 proposed plan must be given by mail to all affected landowners at least 30 days before
207.22 the hearing and posted for at least 30 days before the hearing. At the public hearing, the
207.23 governing body must present the plan and all affected landowners in attendance must have
207.24 the opportunity to comment before the governing body considers adoption of the plan.

207.25 Subd. 5. **Use of fees.** Revenues from street improvement fees must be placed in
207.26 a separate account and used only for projects located within the district and identified
207.27 in the municipal street improvement plan.

207.28 Subd. 6. **Collection; up to 20 years.** (a) An ordinance adopted under this section
207.29 must provide for billing and payment of the fee on a monthly, quarterly, or other basis
207.30 as directed by the governing body. The governing body may collect municipal street
207.31 improvement fees within a street improvement district for a maximum of 20 years.

207.32 (b) Fees that, as of October 15 of each year, have remained unpaid for at least 30
207.33 days may be certified to the county auditor for collection as a special assessment payable
207.34 in the following calendar year against the affected property.

207.35 Subd. 7. **Improvement fee.** A municipality may impose a municipal street
207.36 improvement fee by ordinance. The ordinance must not be voted on or adopted until after

public notice is provided and a public hearing is held in the same manner as provided in subdivision 4.

Subd. 8. **Not exclusive means of financing improvements.** The use of the municipal street improvement fee by a municipality does not restrict the municipality from imposing other measures to pay the costs of local street improvements or maintenance, except that a municipality must not impose special assessments for projects funded with street improvement fees.

Subd. 9. **Unimproved parcels; fees.** A municipality may not impose a street improvement fee on any unimproved parcel located within an established street improvement district until at least three years after either the date of substantial completion of the paving of the previous unimproved municipal street or the date which a structure is built and first occupied pursuant to a certificate of occupancy, whichever is later.

Subd. 10. **Institutions of public charity.** A municipality must not impose a street maintenance fee on property of an institution of purely public charity that is exempt from taxation under section 272.02, subdivision 7.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 11. Minnesota Statutes 2012, section 473.39, is amended by adding a subdivision to read:

Subd. 1s. **Obligations.** After July 1, 2013, in addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$35,800,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

EFFECTIVE DATE. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 12. Minnesota Statutes 2012, section 475.521, subdivision 1, is amended to read:

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

(a) "Bonds" mean an obligation defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings or other improvements for the purpose of a city hall, town hall, library, public safety facility, and public works facility. An improvement must have an expected useful

209.1 life of five years or more to qualify. Capital improvement does not include light rail transit
209.2 or any activity related to it, or a park, road, bridge, administrative building other than a
209.3 city or town hall, or land for any of those facilities. For purposes of this section, "capital
209.4 improvement" includes expenditures for purposes described in this paragraph that have
209.5 been incurred by a municipality before approval of a capital improvement plan, if such
209.6 expenditures are included in a capital improvement plan approved on or before the date of
209.7 the public hearing under subdivision 2 regarding issuance of bonds for such expenditures.

209.8 (c) "Municipality" means a home rule charter or statutory city or a town described in
209.9 section 368.01, subdivision 1 or 1a.

209.10 Sec. 13. Minnesota Statutes 2012, section 475.521, subdivision 2, is amended to read:

209.11 Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance
209.12 capital improvements under an approved capital improvements plan are not subject to the
209.13 election requirements of section 475.58. The bonds must be approved by an affirmative
209.14 vote of three-fifths of the members of a five-member governing body. In the case of a
209.15 governing body having more or less than five members, the bonds must be approved by a
209.16 vote of at least two-thirds of the members of the governing body.

209.17 (b) Before the issuance of bonds qualifying under this section, the municipality
209.18 must publish a notice of its intention to issue the bonds and the date and time of the
209.19 hearing to obtain public comment on the matter. The notice must be published in the
209.20 official newspaper of the municipality or in a newspaper of general circulation in the
209.21 municipality. Additionally, the notice may be posted on the official Web site, if any, of the
209.22 municipality. The notice must be published at least 14 but not more than 28 days before
209.23 the date of the hearing.

209.24 (c) A municipality may issue the bonds only after obtaining the approval of a
209.25 majority of the voters voting on the question of issuing the obligations, if a petition
209.26 requesting a vote on the issuance is signed by voters equal to five percent of the votes cast
209.27 in the municipality in the last municipal general election and is filed with the clerk within
209.28 30 days after the public hearing. ~~The commissioner of revenue shall prepare a suggested~~
209.29 ~~form of the question to be presented at the election.~~ If the municipality elects not to submit
209.30 the question to the voters, the municipality shall not propose the issuance of bonds under
209.31 this section for the same purpose and in the same amount for a period of 365 days from the
209.32 date of receipt of the petition. If the question of issuing the bonds is submitted and not
209.33 approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

209.34 Sec. 14. Minnesota Statutes 2012, section 475.58, subdivision 3b, is amended to read:

210.1 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,
210.2 without regard to the election requirement under subdivision 1, issue and sell obligations
210.3 for street reconstruction or bituminous overlays, if the following conditions are met:

210.4 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay
210.5 plan that describes the street reconstruction or overlay to be financed, the estimated costs,
210.6 and any planned reconstruction or overlay of other streets in the municipality over the
210.7 next five years, and the plan and issuance of the obligations has been approved by a vote
210.8 of all of the members of the governing body present at the meeting following a public
210.9 hearing for which notice has been published in the official newspaper at least ten days but
210.10 not more than 28 days prior to the hearing; and

210.11 (2) if a petition requesting a vote on the issuance is signed by voters equal to
210.12 five percent of the votes cast in the last municipal general election and is filed with the
210.13 municipal clerk within 30 days of the public hearing, the municipality may issue the bonds
210.14 only after obtaining the approval of a majority of the voters voting on the question of the
210.15 issuance of the obligations. If the municipality elects not to submit the question to the
210.16 voters, the municipality shall not propose the issuance of bonds under this section for the
210.17 same purpose and in the same amount for a period of 365 days from the date of receipt
210.18 of the petition. If the question of issuing the bonds is submitted and not approved by the
210.19 voters, the provisions of section 475.58, subdivision 1a, shall apply.

210.20 (b) Obligations issued under this subdivision are subject to the debt limit of the
210.21 municipality and are not excluded from net debt under section 475.51, subdivision 4.

210.22 (c) For purposes of this subdivision, street reconstruction and bituminous overlays
210.23 includes utility replacement and relocation and other activities incidental to the street
210.24 reconstruction, turn lanes and other improvements having a substantial public safety
210.25 function, realignments, other modifications to intersect with state and county roads, and
210.26 the local share of state and county road projects. For purposes of this subdivision, "street
210.27 reconstruction" includes expenditures for street reconstruction that have been incurred
210.28 by a municipality before approval of a street reconstruction plan, if such expenditures
210.29 are included in a street reconstruction plan approved on or before the date of the public
210.30 hearing under paragraph (a), clause (1) regarding issuance of bonds for such expenditures.

210.31 (d) Except in the case of turn lanes, safety improvements, realignments, intersection
210.32 modifications, and the local share of state and county road projects, street reconstruction
210.33 and bituminous overlays does not include the portion of project cost allocable to widening
210.34 a street or adding curbs and gutters where none previously existed.

211.1 Sec. 15. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974,
211.2 chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788,
211.3 section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws
211.4 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998,
211.5 chapter 389, article 3, section 27, and Laws 2002, chapter 390, section 23, is amended to
211.6 read:

211.7 Subd. 2. For each of the years ~~2003 to 2013~~ to 2024, the city of St. Paul is
211.8 authorized to issue bonds in the aggregate principal amount of \$20,000,000 for each year.

211.9 **EFFECTIVE DATE.** This section is effective the day after compliance by the
211.10 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,
211.11 subdivisions 2 and 3.

211.12 ARTICLE 13

211.13 MISCELLANEOUS PROVISIONS

211.14 Section 1. Minnesota Statutes 2012, section 237.52, subdivision 3, is amended to read:

211.15 Subd. 3. **Collection.** Every provider of services capable of originating a TRS call,
211.16 including cellular communications and other nonwire access services, in this state shall,
211.17 except as provided in subdivision 3a, collect the charges established by the commission
211.18 under subdivision 2 and transfer amounts collected to the commissioner of public
211.19 safety in the same manner as provided in section 403.11, subdivision 1, paragraph (d).
211.20 The commissioner of public safety must deposit the receipts in the fund established in
211.21 subdivision 1.

211.22 **EFFECTIVE DATE.** This section is effective January 1, 2014.

211.23 Sec. 2. Minnesota Statutes 2012, section 237.52, is amended by adding a subdivision
211.24 to read:

211.25 Subd. 3a. **Fee for prepaid wireless telecommunications service.** The fee
211.26 established in subdivision 2 does not apply to prepaid wireless telecommunications
211.27 services as defined in section 403.02, subdivision 17b, which are instead subject to the
211.28 prepaid wireless telecommunications access Minnesota fee established in section 403.161,
211.29 subdivision 1, paragraph (b). Collection, remittance, and deposit of prepaid wireless
211.30 telecommunications access Minnesota fees are governed by sections 403.161 and 403.162.

211.31 **EFFECTIVE DATE.** This section is effective January 1, 2014.

211.32 Sec. 3. Minnesota Statutes 2012, section 270B.01, subdivision 8, is amended to read:

212.1 Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly
212.2 stated otherwise, "Minnesota tax laws" means:

212.3 (1) the taxes, refunds, and fees administered by or paid to the commissioner under
212.4 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),
212.5 290, 290A, 291, 295, 297A, 297B, ~~and~~ 297H, and 403, or any similar Indian tribal tax
212.6 administered by the commissioner pursuant to any tax agreement between the state and
212.7 the Indian tribal government, and includes any laws for the assessment, collection, and
212.8 enforcement of those taxes, refunds, and fees; and

212.9 (2) section 273.1315.

212.10 **EFFECTIVE DATE.** This section is effective January 1, 2014.

212.11 Sec. 4. Minnesota Statutes 2012, section 270B.12, subdivision 4, is amended to read:

212.12 Subd. 4. **Department of Public Safety.** The commissioner may disclose return
212.13 information to the Department of Public Safety for the purpose of and to the extent
212.14 necessary to administer ~~section~~ sections 270C.725 and 403.16 to 403.162.

212.15 **EFFECTIVE DATE.** This section is effective January 1, 2014.

212.16 Sec. 5. Minnesota Statutes 2012, section 271.06, is amended by adding a subdivision
212.17 to read:

212.18 Subd. 2a. **Timely mailing treated as timely filing.** (a) If, after the period prescribed
212.19 by subdivision 2, the original notice of appeal, proof of service upon the commissioner,
212.20 and filing fee are delivered by mail in the United States to the Tax Court administrator
212.21 or the court administrator of district court acting as court administrator of the Tax Court,
212.22 then the date of filing is the date of the United States postmark stamped on the envelope
212.23 or other appropriate wrapper in which the notice of appeal, proof of service upon the
212.24 commissioner, and filing fee are mailed.

212.25 (b) This subdivision applies only if the postmark date falls within the period
212.26 prescribed by subdivision 2 and the original notice of appeal, proof of service upon the
212.27 commissioner, and filing fee are deposited in the mail in the United States in an envelope
212.28 or other appropriate wrapper, postage prepaid, properly addressed to the Tax Court
212.29 administrator or the court administrator of district court acting as court administrator of
212.30 the Tax Court.

212.31 (c) Only the postmark of the United States Postal Service qualifies as proof of
212.32 timely mailing under this subdivision. Private postage meters do not qualify as proof of
212.33 timely filing under this subdivision. If the original notice of appeal, proof of service

213.1 upon the commissioner, and filing fee are sent by United States registered mail, the date
213.2 of registration is the postmark date. If the original notice of appeal, proof of service
213.3 upon the commissioner, and filing fee are sent by United States certified mail and the
213.4 sender's receipt is postmarked by the postal employee to whom the envelope containing
213.5 the original notice of appeal, proof of service upon the commissioner, and filing fee is
213.6 presented, the date of the United States postmark on the receipt is the postmark date.

213.7 (d) A reference in this section to mail in the United States must be treated as
213.8 including a reference to any designated delivery service and a reference in this section to
213.9 a postmark by the United States Postal Service must be treated as including a reference
213.10 to any date recorded or marked by any designated delivery service in accordance with
213.11 section 7502(f) of the Internal Revenue Code.

213.12 **EFFECTIVE DATE.** This section is effective for filings delivered by the United
213.13 States Postal Service with a postmark date after August 1, 2013.

213.14 Sec. 6. Minnesota Statutes 2012, section 297E.021, subdivision 2, is amended to read:

213.15 Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the
213.16 commissioner of management and budget, in consultation with the commissioner, shall
213.17 determine the estimated increase in revenues received from (1) taxes imposed under this
213.18 chapter, and (2) the taxes imposed under section 295.61 and the amendments to section
213.19 297A.61, subdivision 3, under article 8, section 1, of this act, over (3) the estimated
213.20 revenues under the February 2012 state budget forecast from the taxes imposed under this
213.21 chapter for that fiscal year. For fiscal years after fiscal year 2015, the commissioner of
213.22 management and budget shall use the February 2012 state budget forecast for fiscal year
213.23 2015 for the amount of taxes collected under this chapter as the baseline. All calculations
213.24 under this subdivision must be made net of estimated refunds of the taxes required to be
213.25 paid.

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

213.27 Sec. 7. Minnesota Statutes 2012, section 403.02, is amended by adding a subdivision
213.28 to read:

213.29 Subd. 17b. **Prepaid wireless telecommunications service.** "Prepaid wireless
213.30 telecommunications service" means a wireless telecommunications service that allows the
213.31 caller to dial 911 to access the 911 system, which service must be paid for in advance and is:

213.32 (1) sold in predetermined units or dollars of which the number declines with use in a
213.33 known amount; or

214.1 (2) provides unlimited use for a predetermined time period.

214.2 The inclusion of nontelecommunications services, including the download of digital
214.3 products delivered electronically, content, and ancillary services, with a prepaid wireless
214.4 telecommunications service does not preclude that service from being considered a
214.5 prepaid wireless telecommunications service under this chapter.

214.6 **EFFECTIVE DATE.** This section is effective January 1, 2014.

214.7 Sec. 8. Minnesota Statutes 2012, section 403.02, is amended by adding a subdivision
214.8 to read:

214.9 Subd. 20a. **Wireless telecommunications service.** Wireless telecommunications
214.10 service means a commercial mobile radio service, as that term is defined in United
214.11 States Code, title 47, section 332, subsection (d), including all broadband personal
214.12 communication services, wireless radio telephone services, and geographic area
214.13 specialized mobile radio licensees, that offer real-time, two-way voice service
214.14 interconnected with the public switched telephone network.

214.15 **EFFECTIVE DATE.** This section is effective January 1, 2014.

214.16 Sec. 9. Minnesota Statutes 2012, section 403.02, subdivision 21, is amended to read:

214.17 Subd. 21. **Wireless telecommunications service provider.** "Wireless
214.18 telecommunications service provider" means a provider of commercial mobile radio
214.19 services, as that term is defined in United States Code, title 47, section 332, subsection
214.20 (d), including all broadband personal communications services, wireless radio telephone
214.21 services, geographic area specialized and enhanced specialized mobile radio services, and
214.22 incumbent wide area specialized mobile radio licensees, that offers real-time, two-way
214.23 voice service interconnected with the public switched telephone network and that is doing
214.24 business in the state of Minnesota wireless telecommunications service.

214.25 **EFFECTIVE DATE.** This section is effective January 1, 2014.

214.26 Sec. 10. Minnesota Statutes 2012, section 403.06, subdivision 1a, is amended to read:

214.27 Subd. 1a. **Biennial budget; annual financial report.** The commissioner shall
214.28 prepare a biennial budget for maintaining the 911 system. By December 15 of each year,
214.29 the commissioner shall submit a report to the legislature detailing the expenditures for
214.30 maintaining the 911 system, the 911 fees collected, the balance of the 911 fund, and the
214.31 911-related administrative expenses of the commissioner, and the most recent forecast of
214.32 revenues and expenditures for the 911 emergency telecommunications service account,

215.1 including a separate projection of E911 fees from prepaid wireless customers and
215.2 projections of year-end fund balances. The commissioner is authorized to expend money
215.3 that has been appropriated to pay for the maintenance, enhancements, and expansion
215.4 of the 911 system.

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

215.6 Sec. 11. Minnesota Statutes 2012, section 403.11, subdivision 1, is amended to read:

215.7 Subdivision 1. **Emergency telecommunications service fee; account.** (a) Each
215.8 customer of a wireless or wire-line switched or packet-based telecommunications service
215.9 provider connected to the public switched telephone network that furnishes service capable
215.10 of originating a 911 emergency telephone call is assessed a fee based upon the number
215.11 of wired or wireless telephone lines, or their equivalent, to cover the costs of ongoing
215.12 maintenance and related improvements for trunking and central office switching equipment
215.13 for 911 emergency telecommunications service, to offset administrative and staffing costs
215.14 of the commissioner related to managing the 911 emergency telecommunications service
215.15 program, to make distributions provided for in section 403.113, and to offset the costs,
215.16 including administrative and staffing costs, incurred by the State Patrol Division of the
215.17 Department of Public Safety in handling 911 emergency calls made from wireless phones.

215.18 (b) Money remaining in the 911 emergency telecommunications service account
215.19 after all other obligations are paid must not cancel and is carried forward to subsequent
215.20 years and may be appropriated from time to time to the commissioner to provide financial
215.21 assistance to counties for the improvement of local emergency telecommunications
215.22 services. The improvements may include providing access to 911 service for
215.23 telecommunications service subscribers currently without access and upgrading existing
215.24 911 service to include automatic number identification, local location identification,
215.25 automatic location identification, and other improvements specified in revised county
215.26 911 plans approved by the commissioner.

215.27 (c) The fee may not be less than eight cents nor more than 65 cents a month until
215.28 June 30, 2008, not less than eight cents nor more than 75 cents a month until June 30,
215.29 2009, not less than eight cents nor more than 85 cents a month until June 30, 2010, and
215.30 not less than eight cents nor more than 95 cents a month on or after July 1, 2010, for
215.31 each customer access line or other basic access service, including trunk equivalents as
215.32 designated by the Public Utilities Commission for access charge purposes and including
215.33 wireless telecommunications services. With the approval of the commissioner of
215.34 management and budget, the commissioner of public safety shall establish the amount of
215.35 the fee within the limits specified and inform the companies and carriers of the amount to

be collected. When the revenue bonds authorized under section 403.27, subdivision 1, have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt service on the bonds is no longer needed. The commissioner shall provide companies and carriers a minimum of 45 days' notice of each fee change. The fee must be the same for all customers, except that the fee imposed under this subdivision does not apply to prepaid wireless telecommunications service, which is instead subject to the fee imposed under section 403.161, subdivision 1, paragraph (a).

(d) The fee must be collected by each wireless or wire-line telecommunications service provider subject to the fee. Fees are payable to and must be submitted to the commissioner monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than \$250 a month is due, or annually if less than \$25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telecommunications service account in the special revenue fund. The money in the account may only be used for 911 telecommunications services.

(e) This subdivision does not apply to customers of interexchange carriers.

(f) The installation and recurring charges for integrating wireless 911 calls into enhanced 911 systems are eligible for payment by the commissioner if the 911 service provider is included in the statewide design plan and the charges are made pursuant to contract.

(g) Competitive local exchanges carriers holding certificates of authority from the Public Utilities Commission are eligible to receive payment for recurring 911 services.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 12. Minnesota Statutes 2012, section 403.11, is amended by adding a subdivision to read:

Subd. 6. **Report.** (a) Beginning September 1, 2013, and continuing semiannually thereafter, each wireless telecommunications service provider shall report to the commissioner, based on the mobile telephone number, both the total number of prepaid wireless telecommunications subscribers sourced to Minnesota and the total number of wireless telecommunications subscribers sourced to Minnesota. The report must be filed on the same schedule as Federal Communications Commission Form 477.

(b) The commissioner shall make a standard form available to all wireless telecommunications service providers for submitting information required to compile the report required under this subdivision.

217.1 (c) The information provided to the commissioner under this subdivision is
217.2 considered trade secret information under section 13.37 and may only be used for purposes
217.3 of administering this chapter.

217.4 **EFFECTIVE DATE.** This section is effective January 1, 2014.

217.5 Sec. 13. **[403.16] DEFINITIONS.**

217.6 Subdivision 1. **Scope.** For the purposes of sections 403.16 to 403.164, the terms
217.7 defined in this section have the meanings given them.

217.8 Subd. 2. **Consumer.** "Consumer" means a person who purchases prepaid wireless
217.9 telecommunications service in a retail transaction.

217.10 Subd. 3. **Department.** "Department" means the Department of Revenue.

217.11 Subd. 4. **Prepaid wireless E911 fee.** "Prepaid wireless E911 fee" means the fee that
217.12 is required to be collected by a seller from a consumer as established in section 403.161,
217.13 subdivision 1, paragraph (a).

217.14 Subd. 5. **Prepaid wireless telecommunications access Minnesota fee.** "Prepaid
217.15 wireless telecommunications access Minnesota fee" means the fee that is required to be
217.16 collected by a seller from a consumer as established in section 403.161, subdivision 1,
217.17 paragraph (b).

217.18 Subd. 6. **Provider.** "Provider" means a person that provides prepaid wireless
217.19 telecommunications service under a license issued by the Federal Communications
217.20 Commission.

217.21 Subd. 7. **Retail transaction.** "Retail transaction" means the purchase of prepaid
217.22 wireless telecommunications service from a seller for any purpose other than resale.

217.23 Subd. 8. **Seller.** "Seller" means a person who sells prepaid wireless
217.24 telecommunications service to another person.

217.25 **EFFECTIVE DATE.** This section is effective January 1, 2014.

217.26 Sec. 14. **[403.161] PREPAID WIRELESS FEES IMPOSED; COLLECTION;**
217.27 **REMITTANCE.**

217.28 Subdivision 1. **Fees imposed.** (a) A prepaid wireless E911 fee of 80 cents per retail
217.29 transaction is imposed on prepaid wireless telecommunications service until the fee is
217.30 adjusted as an amount per retail transaction under subdivision 7.

217.31 (b) A prepaid wireless telecommunications access Minnesota fee, in the amount of
217.32 the monthly charge provided for in section 237.52, subdivision 2, is imposed on each

218.1 retail transaction for prepaid wireless telecommunications service until the fee is adjusted
218.2 as an amount per retail transaction under subdivision 7.

218.3 Subd. 2. **Exemption.** The fees established under subdivision 1 are not imposed on a
218.4 minimal amount of prepaid wireless telecommunications service that is sold with a prepaid
218.5 wireless device and is charged a single nonitemized price, and a seller may not apply the
218.6 fees to such a transaction. For purposes of this subdivision, a minimal amount of service
218.7 means an amount of service denominated as either ten minutes or less or \$5 or less.

218.8 Subd. 3. **Fee collected.** The prepaid wireless E911 and telecommunications
218.9 access Minnesota fees must be collected by the seller from the consumer for each retail
218.10 transaction occurring in this state. The amount of each fee must be combined into one
218.11 amount, which must be separately stated on an invoice, receipt, or other similar document
218.12 that is provided to the consumer by the seller, or otherwise disclosed to the consumer.

218.13 Subd. 4. **Sales and use tax treatment.** For purposes of this section, a retail
218.14 transaction conducted in person by a consumer at a business location of the seller must
218.15 be treated as occurring in this state if that business location is in this state, and any other
218.16 retail transaction must be treated as occurring in this state if the retail transaction is treated
218.17 as occurring in this state for purposes of the sales and use tax as specified in section
218.18 297A.669, subdivision 3, paragraph (c).

218.19 Subd. 5. **Remittance.** The prepaid wireless E911 and telecommunications access
218.20 Minnesota fees are the liability of the consumer and not of the seller or of any provider,
218.21 except that the seller is liable to remit all fees that the seller collects from consumers as
218.22 provided in section 403.162, including all fees that the seller is deemed to collect in which
218.23 the amount of the fee has not been separately stated on an invoice, receipt, or other similar
218.24 document provided to the consumer by the seller.

218.25 Subd. 6. **Exclusion for calculating other charges.** The combined amount of the
218.26 prepaid wireless E911 and telecommunications access Minnesota fees collected by a seller
218.27 from a consumer must not be included in the base for measuring any tax, fee, surcharge,
218.28 or other charge that is imposed by this state, any political subdivision of this state, or
218.29 any intergovernmental agency.

218.30 Subd. 7. **Fee changes.** (a) The prepaid wireless E911 and telecommunications
218.31 access Minnesota fee must be proportionately increased or reduced upon any change to
218.32 the fee imposed under section 403.11, subdivision 1, paragraph (c), after July 1, 2013, or
218.33 the fee imposed under section 237.52, subdivision 2, as applicable.

218.34 (b) The department shall post notice of any fee changes on its Web site at least 30
218.35 days in advance of the effective date of the fee changes. It is the responsibility of sellers to
218.36 monitor the department's Web site for notice of fee changes.

219.1 (c) Fee changes are effective 60 days after the first day of the first calendar month
219.2 after the commissioner of public safety or the Public Utilities Commission, as applicable,
219.3 changes the fee.

219.4 **EFFECTIVE DATE.** This section is effective January 1, 2014.

219.5 Sec. 15. **[403.162] ADMINISTRATION OF PREPAID WIRELESS E911 FEES.**

219.6 Subdivision 1. **Remittance.** Prepaid wireless E911 and telecommunications access
219.7 Minnesota fees collected by sellers must be remitted to the commissioner of revenue
219.8 at the times and in the manner provided by chapter 297A with respect to the general
219.9 sales and use tax. The commissioner of revenue shall establish registration and payment
219.10 procedures that substantially coincide with the registration and payment procedures that
219.11 apply in chapter 297A.

219.12 Subd. 2. **Seller's fee retention.** A seller may deduct and retain three percent of
219.13 prepaid wireless E911 and telecommunications access Minnesota fees collected by the
219.14 seller from consumers.

219.15 Subd. 3. **Department of Revenue provisions.** The audit, assessment, appeal,
219.16 collection, refund, penalty, interest, enforcement, and administrative provisions of
219.17 chapters 270C and 289A that are applicable to the taxes imposed by chapter 297A apply
219.18 to any fee imposed under section 403.161.

219.19 Subd. 4. **Procedures for resale transactions.** The commissioner of revenue shall
219.20 establish procedures by which a seller of prepaid wireless telecommunications service
219.21 may document that a sale is not a retail transaction. These procedures must substantially
219.22 coincide with the procedures for documenting sale for resale transactions as provided in
219.23 chapter 297A.

219.24 Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on
219.25 the relative proportion of the prepaid wireless E911 fee and the prepaid wireless
219.26 telecommunications access Minnesota fee imposed per retail transaction, divide the fees
219.27 collected in corresponding proportions. Within 30 days of receipt of the collected fees,
219.28 the commissioner shall:

219.29 (1) deposit the proportion of the collected fees attributable to the prepaid wireless
219.30 E911 fee in the 911 emergency telecommunications service account in the special revenue
219.31 fund; and

219.32 (2) deposit the proportion of collected fees attributable to the prepaid wireless
219.33 telecommunications access Minnesota fee in the telecommunications access fund
219.34 established in section 237.52, subdivision 1.

220.1 (b) The department may deduct and retain an amount, not to exceed two percent of
220.2 collected fees, to reimburse its direct costs of administering the collection and remittance
220.3 of prepaid wireless E911 fees and prepaid wireless telecommunications access Minnesota
220.4 fees.

220.5 **EFFECTIVE DATE.** This section is effective January 1, 2014.

220.6 Sec. 16. **[403.163] LIABILITY PROTECTION FOR SELLERS AND**
220.7 **PROVIDERS.**

220.8 (a) A provider or seller of prepaid wireless telecommunications service is not liable
220.9 for damages to any person resulting from or incurred in connection with providing, or
220.10 failing to provide, 911 or E911 service, or for identifying, or failing to identify, the
220.11 telephone number, address, location, or name associated with any person or device that
220.12 is accessing or attempting to access 911 or E911 service.

220.13 (b) A provider or seller of prepaid wireless telecommunications service is not liable
220.14 for damages to any person resulting from or incurred in connection with providing any
220.15 lawful assistance to any investigative or law enforcement officer of the United States, this or
220.16 any other state, or any political subdivision of this or any other state, in connection with any
220.17 lawful investigation or other lawful enforcement activity by the law enforcement officer.

220.18 (c) In addition to the protection from liability provided by paragraphs (a) and (b),
220.19 section 403.08, subdivision 11, applies to sellers and providers.

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

220.21 Sec. 17. **[403.164] EXCLUSIVITY OF PREPAID WIRELESS E911 FEE.**

220.22 The prepaid wireless E911 fee imposed by section 403.161 is the only E911 funding
220.23 obligation imposed with respect to prepaid wireless telecommunications service in this
220.24 state, and no tax, fee, surcharge, or other charge may be imposed by this state, any political
220.25 subdivision of this state, or any intergovernmental agency, for E911 funding purposes,
220.26 upon any provider, seller, or consumer with respect to the sale, purchase, use, or provision
220.27 of prepaid wireless telecommunications service.

220.28 **EFFECTIVE DATE.** This section is effective January 1, 2014.

220.29 Sec. 18. Laws 2010, First Special Session chapter 1, article 13, section 4, subdivision
220.30 1, as amended by Laws 2011, First Special Session chapter 7, article 6, section 22, is
220.31 amended to read:

221.1 Subdivision 1. **Political contribution credit.** Notwithstanding the provisions of
221.2 Minnesota Statutes, section 290.06, subdivision 23, or any other law to the contrary, the
221.3 political contribution refund does not apply to contributions made after June 30, 2009, and
221.4 before July 1, ~~2013~~ 2017.

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

221.6 Sec. 19. **REPORT; RECOMMENDATIONS.**

221.7 (a) By March 1, 2014, the commissioner of public safety shall submit a report to
221.8 the chairs and ranking minority members of the legislative committees with primary
221.9 jurisdiction over public safety and telecommunications that assesses the amount of
221.10 revenue collected from the fees imposed under Minnesota Statutes, section 403.161,
221.11 and recommends any adjustment of those fees that the commissioner of public safety
221.12 determines is necessary in order to:

221.13 (1) fund legislative appropriations from the 911 emergency telecommunications
221.14 service account and to maintain a reasonable fund reserve; and

221.15 (2) maintain fairness with respect to the amount of fees paid by customers of
221.16 prepaid wireless telecommunications service as compared with customers of other
221.17 telecommunications services.

221.18 (b) A wireless telecommunications service provider shall provide any information
221.19 requested by the commissioner of public safety for the purposes of the report.

221.20 **EFFECTIVE DATE.** This section is effective January 1, 2014.

221.21 Sec. 20. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

221.22 Subdivision 1. **Authority.** This section is intended to fulfill the requirement under
221.23 Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax
221.24 expenditure provide a purpose for the tax expenditure and a standard or goal against
221.25 which its effectiveness may be measured.

221.26 Subd. 2. **Federal conformity.** The provisions of article 6 conforming Minnesota
221.27 individual income tax to changes in federal law are intended to simplify compliance with
221.28 and administration of the individual income tax.

221.29 Subd. 3. **Employment of qualified veterans tax credit.** The provisions of article 6,
221.30 section 30, providing a tax credit for the employment of qualified veterans, are intended to
221.31 give an incentive to employers to hire unemployed and disabled veterans. The standard

222.1 against which the effectiveness of the credit is to be measured is the additional number of
222.2 veterans who are hired as a result of the tax credit.

222.3 Subd. 4. **Railroad track maintenance subtraction.** The provisions of article 6,
222.4 sections 10 and 12, allowing an individual income and corporate franchise tax subtraction
222.5 for the amount allowed under the federal credit for railroad maintenance expenses, are
222.6 intended to increase the combined federal and state tax incentives available to Class II
222.7 and Class III railroads for maintaining and upgrading track in Minnesota. The standard
222.8 against which effectiveness is to be measured is the additional miles of track maintained
222.9 or upgraded following allowance of the state tax subtraction in addition to the existing
222.10 federal tax credit.

222.11 Subd. 5. **Sales tax exemption of coin-operated amusement devices.** The
222.12 provisions of article 8, section 2, exempting certain sales of coin-operated entertainment
222.13 and amusement devices is intended to reduce tax pyramiding by eliminating the tax on an
222.14 input used in providing a taxable service.

222.15 Subd. 6. **Motor vehicle rental tax exemption for car sharing.** The provisions of
222.16 article 8, section 4, exempting nonprofit car sharing companies from the extra tax on short
222.17 term car rentals is intended to provide a similar tax treatment between motor vehicle
222.18 ownership and motor vehicle sharing.

222.19 Subd. 7. **Expansion of the sales tax exemption on durable medical products and**
222.20 **prosthetics.** The provisions of article 8, section 8, expanding the definition of items
222.21 included in repair and replacement parts of durable medical equipment and prosthetics
222.22 and exempting Medicare and medicaid purchases is intended to simplify sales tax
222.23 administration in this area and provide relief for sellers who cannot collect the tax under
222.24 these programs.

222.25 Subd. 8. **Exemption for public safety radio communication systems.** The
222.26 provisions of article 8, section 10, expanding the existing sales tax exemption for certain
222.27 types of public safety radio systems in certain counties to all types of systems in all
222.28 counties is intended to provide equal tax treatment to all local governments in the state
222.29 on these purchases.

222.30 Subd. 9. **Sales tax exemption for established religious orders.** The provisions of
222.31 article 8, section 11, exempting certain sales between a religious order and an affiliated
222.32 institute of higher education, is intended to retain an existing sales tax exemption that

223.1 exists between St. John's Abbey and St. John's University after a governing restructure
 223.2 between the two entities.

223.3 Subd. 10. **Sales tax exemption for nursing homes and boarding care homes.**

223.4 The provisions of article 8, section 12, exempting certain nursing homes and boarding
 223.5 care homes is intended to clarify that an existing exemption for these facilities is not
 223.6 affected by a recent property tax case related to defining nonprofit organizations engaged
 223.7 in charitable activities.

223.8 Subd. 11. **Construction sales tax exemptions.** The provisions of article 8, sections
 223.9 13, 14, and 15, exempting from sales tax construction materials for various entities, are
 223.10 intended to increase jobs and reduce tax pyramiding by reducing the tax on inputs used to
 223.11 provide taxable goods and services.

223.12 Subd. 12. **Sales tax exemption on certain public infrastructure.** The provisions
 223.13 of article 10, section 1, exempting construction materials used in public infrastructure
 223.14 projects related to the destination medical center plan is intended to reduce city costs
 223.15 for those projects.

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

223.17 **ARTICLE 14**

223.18 **MARKET VALUE DEFINITIONS**

223.19 Section 1. Minnesota Statutes 2012, section 38.18, is amended to read:

223.20 **38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.**

223.21 ~~Any~~ Each town, statutory city, or school district in this state, ~~now or hereafter at any~~
 223.22 ~~time~~ having a an estimated market value of all its taxable property, ~~exclusive of money and~~
 223.23 ~~credits,~~ of more than \$105,000,000, and having a county fair located within its corporate
 223.24 limits, ~~is hereby authorized to aid in defraying~~ may pay part of the expense of improving
 223.25 ~~any such the~~ fairground, ~~by appropriating and paying over~~ to the treasurer of the county
 223.26 owning the fairground ~~such sum of money,~~ not exceeding \$10,000, ~~for each of the political~~
 223.27 ~~subdivisions,~~ as the its governing body of the town, statutory city, or school district may,
 223.28 by resolution, ~~determine~~ determines to be for the best interest of the political subdivision;
 223.29 The ~~sums so appropriated to~~ amounts paid to the county must be used solely for the purpose
 223.30 ~~of aiding in the improvement of~~ to improve the fairground in ~~such the~~ manner as the county
 223.31 board of the county shall ~~determine~~ determines to be for the best interest of the county.

223.32 Sec. 2. Minnesota Statutes 2012, section 40A.15, subdivision 2, is amended to read:

224.1 Subd. 2. **Eligible recipients.** All counties within the state, municipalities that prepare
224.2 plans and official controls instead of a county, and districts are eligible for assistance
224.3 under the program. Counties and districts may apply for assistance on behalf of other
224.4 municipalities. In order to be eligible for financial assistance a county or municipality must
224.5 agree to levy at least 0.01209 percent of ~~taxable~~ estimated market value for agricultural
224.6 land preservation and conservation activities or otherwise spend the equivalent amount of
224.7 local money on those activities, or spend \$15,000 of local money, whichever is less.

224.8 Sec. 3. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

224.9 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
224.10 a different meaning is intended, the following words and terms, for the purposes of this
224.11 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

224.12 (a) "Commissioner" means the commissioner of revenue.

224.13 (b) "Municipality" means:

224.14 (1) a home rule charter or statutory city;

224.15 (2) an organized town;

224.16 (3) a park district subject to chapter 398;

224.17 (4) the University of Minnesota;

224.18 (5) for purposes of the fire state aid program only, an American Indian tribal
224.19 government entity located within a federally recognized American Indian reservation;

224.20 (6) for purposes of the police state aid program only, an American Indian tribal
224.21 government with a tribal police department which exercises state arrest powers under
224.22 section 626.90, 626.91, 626.92, or 626.93;

224.23 (7) for purposes of the police state aid program only, the Metropolitan Airports
224.24 Commission; and

224.25 (8) for purposes of the police state aid program only, the Department of Natural
224.26 Resources and the Department of Public Safety with respect to peace officers covered
224.27 under chapter 352B.

224.28 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
224.29 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
224.30 leakage and extended coverage premiums received upon risks located or to be performed
224.31 in this state less return premiums and dividends.

224.32 (d) "Firetown" means the area serviced by any municipality having a qualified fire
224.33 department or a qualified incorporated fire department having a subsidiary volunteer
224.34 firefighters' relief association.

225.1 (e) "Estimated market value" means latest available estimated market value of all
225.2 property in a taxing jurisdiction, whether the property is subject to taxation, or exempt
225.3 from ad valorem taxation obtained from information which appears on abstracts filed with
225.4 the commissioner of revenue or equalized by the State Board of Equalization.

225.5 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
225.6 commissioner for reporting by each fire and casualty insurer of all premiums received
225.7 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
225.8 during the preceding calendar year, with reference to insurance written for insuring against
225.9 the perils contained in auto insurance coverages as reported in the Minnesota business
225.10 schedule of the annual financial statement which each insurer is required to file with
225.11 the commissioner in accordance with the governing laws or rules less return premiums
225.12 and dividends.

225.13 (g) "Peace officer" means any person:

225.14 (1) whose primary source of income derived from wages is from direct employment
225.15 by a municipality or county as a law enforcement officer on a full-time basis of not less
225.16 than 30 hours per week;

225.17 (2) who has been employed for a minimum of six months prior to December 31
225.18 preceding the date of the current year's certification under subdivision 2, clause (b);

225.19 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

225.20 (4) who is licensed by the Peace Officers Standards and Training Board and is
225.21 authorized to arrest with a warrant; and

225.22 (5) who is a member of the State Patrol retirement plan or the public employees
225.23 police and fire fund.

225.24 (h) "Full-time equivalent number of peace officers providing contract service" means
225.25 the integral or fractional number of peace officers which would be necessary to provide
225.26 the contract service if all peace officers providing service were employed on a full-time
225.27 basis as defined by the employing unit and the municipality receiving the contract service.

225.28 (i) "Retirement benefits other than a service pension" means any disbursement
225.29 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

225.30 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

225.31 (1) for the police state aid program and police relief association financial reports:

225.32 (i) the person who was elected or appointed to the specified position or, in the
225.33 absence of the person, another person who is designated by the applicable governing body;

225.34 (ii) in a park district, the secretary of the board of park district commissioners;

225.35 (iii) in the case of the University of Minnesota, the official designated by the Board
225.36 of Regents;

226.1 (iv) for the Metropolitan Airports Commission, the person designated by the
226.2 commission;

226.3 (v) for the Department of Natural Resources or the Department of Public Safety, the
226.4 respective commissioner;

226.5 (vi) for a tribal police department which exercises state arrest powers under section
226.6 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American
226.7 Indian tribal government; and

226.8 (2) for the fire state aid program and fire relief association financial reports, the
226.9 person who was elected or appointed to the specified position, or, for governmental
226.10 entities other than counties, if the governing body of the governmental entity designates
226.11 the position to perform the function, the chief financial official of the governmental entity
226.12 or the chief administrative official of the governmental entity.

226.13 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
226.14 retirement plan established by chapter 353G.

226.15 Sec. 4. Minnesota Statutes 2012, section 69.021, subdivision 7, is amended to read:

226.16 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

226.17 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
226.18 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
226.19 and/or firefighters relief association.

226.20 (b) The commissioner shall calculate an initial fire state aid allocation amount for
226.21 each municipality or fire department under paragraph (c) and a minimum fire state aid
226.22 allocation amount for each municipality or fire department under paragraph (d). The
226.23 municipality or fire department must receive the larger fire state aid amount.

226.24 (c) The initial fire state aid allocation amount is the amount available for
226.25 apportionment as fire state aid under subdivision 5, without inclusion of any additional
226.26 funding amount to support a minimum fire state aid amount under section 423A.02,
226.27 subdivision 3, allocated one-half in proportion to the population as shown in the last official
226.28 statewide federal census for each fire town and one-half in proportion to the estimated
226.29 market value of each fire town, including (1) the estimated market value of tax-exempt
226.30 property and (2) the estimated market value of natural resources lands receiving in lieu
226.31 payments under sections 477A.11 to 477A.14, but excluding the estimated market value
226.32 of minerals. In the case of incorporated or municipal fire departments furnishing fire
226.33 protection to other cities, towns, or townships as evidenced by valid fire service contracts
226.34 filed with the commissioner, the distribution must be adjusted proportionately to take
226.35 into consideration the crossover fire protection service. Necessary adjustments must be

227.1 made to subsequent apportionments. In the case of municipalities or independent fire
227.2 departments qualifying for the aid, the commissioner shall calculate the state aid for the
227.3 municipality or relief association on the basis of the population and the estimated market
227.4 value of the area furnished fire protection service by the fire department as evidenced by
227.5 duly executed and valid fire service agreements filed with the commissioner. If one or
227.6 more fire departments are furnishing contracted fire service to a city, town, or township,
227.7 only the population and estimated market value of the area served by each fire department
227.8 may be considered in calculating the state aid and the fire departments furnishing service
227.9 shall enter into an agreement apportioning among themselves the percent of the population
227.10 and the estimated market value of each service area. The agreement must be in writing
227.11 and must be filed with the commissioner.

227.12 (d) The minimum fire state aid allocation amount is the amount in addition to the
227.13 initial fire state allocation amount that is derived from any additional funding amount
227.14 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
227.15 allocated to municipalities with volunteer firefighters relief associations or covered by the
227.16 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
227.17 of active volunteer firefighters who are members of the relief association as reported
227.18 in the annual financial reporting for the calendar year 1993 to the Office of the State
227.19 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
227.20 fire departments with volunteer firefighters relief associations receive in total at least a
227.21 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
227.22 30 firefighters. If a relief association is established after calendar year 1993 and before
227.23 calendar year 2000, the number of active volunteer firefighters who are members of the
227.24 relief association as reported in the annual financial reporting for calendar year 1998
227.25 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,
227.26 shall be used in this determination. If a relief association is established after calendar
227.27 year 1999, the number of active volunteer firefighters who are members of the relief
227.28 association as reported in the first annual financial reporting submitted to the Office of
227.29 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
227.30 determination. If a relief association is terminated as a result of providing retirement
227.31 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
227.32 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
227.33 of the municipality covered by the statewide plan as certified by the executive director of
227.34 the Public Employees Retirement Association to the commissioner and the state auditor,
227.35 but not to exceed 30 active firefighters, must be used in this determination.

228.1 (e) Unless the firefighters of the applicable fire department are members of the
228.2 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
228.3 be paid to the treasurer of the municipality where the fire department is located and the
228.4 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
228.5 the aid to the relief association if the relief association has filed a financial report with the
228.6 treasurer of the municipality and has met all other statutory provisions pertaining to the
228.7 aid apportionment. If the firefighters of the applicable fire department are members of
228.8 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
228.9 must be paid to the executive director of the Public Employees Retirement Association
228.10 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

228.11 (f) The commissioner may make rules to permit the administration of the provisions
228.12 of this section.

228.13 (g) Any adjustments needed to correct prior misallocations must be made to
228.14 subsequent apportionments.

228.15 Sec. 5. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

228.16 Subd. 8. **Population and estimated market value.** (a) In computations relating to
228.17 fire state aid requiring the use of population figures, only official statewide federal census
228.18 figures are to be used. Increases or decreases in population disclosed by reason of any
228.19 special census must not be taken into consideration.

228.20 (b) In calculations relating to fire state aid requiring the use of estimated market
228.21 value property figures, only the latest available estimated market value property figures
228.22 may be used.

228.23 Sec. 6. Minnesota Statutes 2012, section 88.51, subdivision 3, is amended to read:

228.24 Subd. 3. **Determination of estimated market value.** In determining the net tax
228.25 capacity of property within any taxing district the value of the surface of lands within any
228.26 auxiliary forest therein, as determined by the county board under the provisions of section
228.27 88.48, subdivision 3, shall, for all purposes except the levying of taxes on lands within any
228.28 such forest, be deemed the estimated market value thereof.

228.29 Sec. 7. Minnesota Statutes 2012, section 103B.245, subdivision 3, is amended to read:

228.30 Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local
228.31 government unit may annually levy a tax on all taxable property in the district for the
228.32 purposes for which the tax district is established. The tax may not exceed 0.02418 percent
228.33 of estimated market value on taxable property located in rural towns other than urban

229.1 towns, unless allowed by resolution of the town electors. The proceeds of the tax shall
229.2 be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve
229.3 fund at the time the tax is terminated or the district is dissolved shall be transferred and
229.4 irrevocably pledged to the debt service fund of the local unit to be used solely to reduce
229.5 tax levies for bonded indebtedness of taxable property in the district.

229.6 Sec. 8. Minnesota Statutes 2012, section 103B.251, subdivision 8, is amended to read:

229.7 Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued
229.8 under subdivision 7 and the payment required under subdivision 6, the county shall
229.9 irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property
229.10 located within the territory of the watershed management organization or subwatershed
229.11 unit for which the bonds are issued. Each year until the reserve for payment of the bonds
229.12 is sufficient to retire the bonds, the county shall levy on all taxable property in the territory
229.13 of the organization or unit, without respect to any statutory or other limitation on taxes, an
229.14 amount of taxes sufficient to pay principal and interest on the bonds and to restore any
229.15 deficiencies in reserves required to be maintained for payment of the bonds.

229.16 (b) The tax levied on rural towns other than urban towns may not exceed 0.02418
229.17 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town
229.18 electors.

229.19 (c) If at any time the amounts available from the levy on property in the territory of
229.20 the organization are insufficient to pay principal and interest on the bonds when due, the
229.21 county shall make payment from any available funds in the county treasury.

229.22 (d) The amount of any taxes which are required to be levied outside of the territory
229.23 of the watershed management organization or unit or taken from the general funds of the
229.24 county to pay principal or interest on the bonds shall be reimbursed to the county from
229.25 taxes levied within the territory of the watershed management organization or unit.

229.26 Sec. 9. Minnesota Statutes 2012, section 103B.635, subdivision 2, is amended to read:

229.27 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
229.28 supervisors of each municipality in the district must provide the funds necessary to meet
229.29 its proportion of the total cost determined by the board, provided the total funding from
229.30 all municipalities in the district for the costs shall not exceed an amount equal to .00242
229.31 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths
229.32 of the municipalities in the district pass a resolution concurring to the additional costs.

229.33 (b) The funds must be deposited in the treasury of the district in amounts and at
229.34 times as the treasurer of the district requires.

230.1 Sec. 10. Minnesota Statutes 2012, section 103B.691, subdivision 2, is amended to read:

230.2 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
230.3 supervisors of each municipality in the district shall provide the funds necessary to meet its
230.4 proportion of the total cost to be borne by the municipalities as finally certified by the board.

230.5 (b) The municipality's funds may be raised by any means within the authority of
230.6 the municipality. The municipalities may each levy a tax not to exceed .02418 percent of
230.7 ~~taxable~~ estimated market value on the taxable property located in the district to provide
230.8 the funds. The levy shall be within all other limitations provided by law.

230.9 (c) The funds must be deposited into the treasury of the district in amounts and at
230.10 times as the treasurer of the district requires.

230.11 Sec. 11. Minnesota Statutes 2012, section 103D.905, subdivision 2, is amended to read:

230.12 Subd. 2. **Organizational expense fund.** (a) An organizational expense fund,
230.13 consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated
230.14 market value, or \$60,000, whichever is less. The money in the fund shall be used for
230.15 organizational expenses and preparation of the watershed management plan for projects.

230.16 (b) The managers may borrow from the affected counties up to 75 percent of the
230.17 anticipated funds to be collected from the organizational expense fund levy and the
230.18 counties affected may make the advancements.

230.19 (c) The advancement of anticipated funds shall be apportioned among affected
230.20 counties in the same ratio as the net tax capacity of the area of the counties within
230.21 the watershed district bears to the net tax capacity of the entire watershed district. If a
230.22 watershed district is enlarged, an organizational expense fund may be levied against the
230.23 area added to the watershed district in the same manner as provided in this subdivision.

230.24 (d) Unexpended funds collected for the organizational expense may be transferred to
230.25 the administrative fund and used for the purposes of the administrative fund.

230.26 Sec. 12. Minnesota Statutes 2012, section 103D.905, subdivision 3, is amended to read:

230.27 Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may
230.28 not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is
230.29 less. The money in the fund shall be used for general administrative expenses and for
230.30 the construction or implementation and maintenance of projects of common benefit to
230.31 the watershed district. The managers may make an annual levy for the general fund as
230.32 provided in section 103D.911. In addition to the annual general levy, the managers may
230.33 annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value
230.34 for a period not to exceed 15 consecutive years to pay the cost attributable to the basic

231.1 water management features of projects initiated by petition of a political subdivision
231.2 within the watershed district or by petition of at least 50 resident owners whose property
231.3 is within the watershed district.

231.4 Sec. 13. Minnesota Statutes 2012, section 103D.905, subdivision 8, is amended to read:

231.5 Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund
231.6 is established and used only if other funds are not available to the watershed district to pay
231.7 for making necessary surveys and acquiring data.

231.8 (b) The survey and data acquisition fund consists of the proceeds of a property tax
231.9 that can be levied only once every five years. The levy may not exceed 0.02418 percent of
231.10 ~~taxable~~ estimated market value.

231.11 (c) The balance of the survey and data acquisition fund may not exceed \$50,000.

231.12 (d) In a subsequent proceeding for a project where a survey has been made, the
231.13 attributable cost of the survey as determined by the managers shall be included as a part of
231.14 the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

231.15 Sec. 14. Minnesota Statutes 2012, section 117.025, subdivision 7, is amended to read:

231.16 Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

231.17 (1) that was inspected by the appropriate local government and cited for one or more
231.18 enforceable housing, maintenance, or building code violations;

231.19 (2) in which the cited building code violations involve one or more of the following:

231.20 (i) a roof and roof framing element;

231.21 (ii) support walls, beams, and headers;

231.22 (iii) foundation, footings, and subgrade conditions;

231.23 (iv) light and ventilation;

231.24 (v) fire protection, including egress;

231.25 (vi) internal utilities, including electricity, gas, and water;

231.26 (vii) flooring and flooring elements; or

231.27 (viii) walls, insulation, and exterior envelope;

231.28 (3) in which the cited housing, maintenance, or building code violations have not
231.29 been remedied after two notices to cure the noncompliance; and

231.30 (4) has uncured housing, maintenance, and building code violations, satisfaction of
231.31 which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value

231.32 for the building, excluding land value, as determined under section 273.11 for property

231.33 taxes payable in the year in which the condemnation is commenced.

232.1 A local government is authorized to seek from a judge or magistrate an administrative
232.2 warrant to gain access to inspect a specific building in a proposed development or
232.3 redevelopment area upon showing of probable cause that a specific code violation has
232.4 occurred and that the violation has not been cured, and that the owner has denied the local
232.5 government access to the property. Items of evidence that may support a conclusion of
232.6 probable cause may include recent fire or police inspections, housing inspection, exterior
232.7 evidence of deterioration, or other similar reliable evidence of deterioration in the specific
232.8 building.

232.9 Sec. 15. Minnesota Statutes 2012, section 127A.48, subdivision 1, is amended to read:

232.10 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
232.11 an assessment/sales ratio study of the taxable property in each county, city, town, and
232.12 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
232.13 results of this assessment/sales ratio study, the Department of Revenue must determine an
232.14 ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each
232.15 taxing district, the aggregate of which tax capacity shall be is designated as the adjusted net
232.16 tax capacity. The adjusted net tax capacity must be reduced by the captured tax capacity of
232.17 tax increment districts under section 469.177, subdivision 2, fiscal disparities contribution
232.18 tax capacities under sections 276A.06 and 473F.08, and the tax capacity of transmission
232.19 lines required to be subtracted from the local tax base under section 273.425; and increased
232.20 by fiscal disparities distribution tax capacities under sections 276A.06 and 473F.08. The
232.21 adjusted net tax capacities shall be determined using the net tax capacity percentages in
232.22 effect for the assessment year following the assessment year of the study. The Department
232.23 of Revenue must make whatever estimates are necessary to account for changes in the
232.24 classification system. The Department of Revenue may incur the expense necessary to
232.25 make the determinations. The commissioner of revenue may reimburse any county or
232.26 governmental official for requested services performed in ascertaining the adjusted net tax
232.27 capacity. On or before March 15 annually, the Department of Revenue shall file with the
232.28 chair of the Tax Committee of the house of representatives and the chair of the Committee
232.29 on Taxes and Tax laws of the senate a report of adjusted net tax capacities for school
232.30 districts. On or before June 15 annually, the Department of Revenue shall file its final report
232.31 on the adjusted net tax capacities for school districts established by the previous year's
232.32 assessments and the current year's net tax capacity percentages with the commissioner of
232.33 education and each county auditor for those school districts for which the auditor has the
232.34 responsibility for determination of local tax rates. A copy of the report so filed shall be

233.1 mailed to the clerk of each school district involved and to the county assessor or supervisor
233.2 of assessments of the county or counties in which each school district is located.

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

233.4 Sec. 16. Minnesota Statutes 2012, section 138.053, is amended to read:

233.5 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**
233.6 **TOWNS.**

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

233.14 Sec. 17. Minnesota Statutes 2012, section 144F.01, subdivision 4, is amended to read:

233.15 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the
233.16 taxable real and personal property in the district. The ad valorem tax levy may not exceed
233.17 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000, whichever
233.18 is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall
233.19 certify the levy at the times as provided under section 275.07. The board shall provide the
233.20 county with whatever information is necessary to identify the property that is located within
233.21 the district. If the boundaries include a part of a parcel, the entire parcel shall be included
233.22 in the district. The county auditors must spread, collect, and distribute the proceeds of the
233.23 tax at the same time and in the same manner as provided by law for all other property taxes.

233.24 Sec. 18. Minnesota Statutes 2012, section 162.07, subdivision 3, is amended to read:

233.25 Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596
233.26 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding
233.27 calendar year shall be computed and shall be subtracted from the county's total estimated
233.28 construction costs. The result thereof shall be the money needs of the county. For the
233.29 purpose of this section, "rural counties" means all counties having a population of less
233.30 than 175,000.

233.31 Sec. 19. Minnesota Statutes 2012, section 162.07, subdivision 4, is amended to read:

234.1 Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967
234.2 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding
234.3 calendar year shall be computed and shall be subtracted from the county's total estimated
234.4 construction costs. The result thereof shall be the money needs of the county. For
234.5 the purpose of this section, "urban counties" means all counties having a population
234.6 of 175,000 or more.

234.7 Sec. 20. Minnesota Statutes 2012, section 163.04, subdivision 3, is amended to read:

234.8 Subd. 3. **Bridges within certain cities.** When the council of any statutory city or
234.9 city of the third or fourth class may determine that it is necessary to build or improve any
234.10 bridge or bridges, including approaches thereto, and any dam or retaining works connected
234.11 therewith, upon or forming a part of streets or highways either wholly or partly within
234.12 its limits, the county board shall appropriate one-half of the money as may be necessary
234.13 therefor from the county road and bridge fund, not exceeding during any year one-half
234.14 the amount of taxes paid into the county road and bridge fund during the preceding year,
234.15 on property within the corporate limits of the city. The appropriation shall be made upon
234.16 the petition of the council, which petition shall be filed by the council with the county
234.17 board prior to the fixing by the board of the annual county tax levy. The county board
234.18 shall determine the plans and specifications, shall let all necessary contracts, shall have
234.19 charge of construction, and upon its request, warrants in payment thereof shall be issued
234.20 by the county auditor, from time to time, as the construction work proceeds. Any unpaid
234.21 balance may be paid or advanced by the city. On petition of the council, the appropriations
234.22 of the county board, during not to exceed three successive years, may be made to apply
234.23 on the construction of the same items and to repay any money advanced by the city in
234.24 the construction thereof. None of the provisions of this section shall be construed to
234.25 be mandatory as applied to any city whose estimated market value exceeds \$2,100 per
234.26 capita of its population.

234.27 Sec. 21. Minnesota Statutes 2012, section 163.06, subdivision 6, is amended to read:

234.28 Subd. 6. **Expenditure in certain counties.** In any county having not less than 95
234.29 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value
234.30 of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits,~~
234.31 the county board, by resolution, may expend the funds provided in subdivision 4 in any
234.32 ~~organized or unorganized township~~ town or unorganized territory or portion thereof in
234.33 such county.

Sec. 22. Minnesota Statutes 2012, section 165.10, subdivision 1, is amended to read:

Subdivision 1. **Certain counties may issue and sell.** The county board of any county having no outstanding road and bridge bonds may issue and sell county road bonds in an amount not exceeding 0.12089 percent of the estimated market value of the taxable property within the county ~~exclusive of money and credits~~, for the purpose of constructing, reconstructing, improving, or maintaining any bridge or bridges on any highway under its jurisdiction, without submitting the matter to a vote of the electors of the county.

Sec. 23. Minnesota Statutes 2012, section 272.03, is amended by adding a subdivision to read:

Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's determination of market value, including the effects of any orders made under section 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain uses in determining the total estimated market value for the taxing jurisdiction.

Sec. 24. Minnesota Statutes 2012, section 272.03, is amended by adding a subdivision to read:

Subd. 15. **Taxable market value.** "Taxable market value" means estimated market value for the parcel as reduced by market value exclusions, deferments of value, or other adjustments required by law, that reduce market value before the application of class rates.

Sec. 25. Minnesota Statutes 2012, section 273.032, is amended to read:

273.032 MARKET VALUE DEFINITION.

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "taxable estimated market value," and "market valuation," whether equalized or unequalized, mean the total taxable estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

(i) section 273.11, subdivisions 14a and 14c (vacant platted land);

(ii) section 273.11, subdivision 16 (certain improvements to homestead property);

(iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

(iv) section 273.11, subdivision 21 (homestead property damaged by mold);

236.1 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

236.2 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran or family
 236.3 caregiver);

236.4 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

236.5 (2) the deferment of value under:

236.6 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

236.7 (ii) the Aggregate Resource Preservation Law, section 273.1115;

236.8 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

236.9 (iv) the rural preserves property tax program, section 273.114; or

236.10 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

236.11 (3) the adjustments to tax capacity for:

236.12 (i) tax increment; financing under sections 469.174 to 469.1794;

236.13 (ii) fiscal disparity; disparities under chapter 276A or 473F; or

236.14 (iii) powerline credit; or wind energy values, but after the limited market adjustments
 236.15 under section 273.11, subdivision 1a, and after the market value exclusions of certain
 236.16 improvements to homestead property under section 273.11, subdivision 16 under section
 236.17 273.425.

236.18 (b) Estimated market value under paragraph (a) also includes the market value
 236.19 of tax-exempt property if the applicable law specifically provides that the limitation,
 236.20 qualification, or aid calculation includes tax-exempt property.

236.21 (c) Unless otherwise provided, "market value," "taxable estimated market value,"
 236.22 and "market valuation" for purposes of this paragraph property tax levy limitations and
 236.23 calculation of state aid, refer to the taxable estimated market value for the previous
 236.24 assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of
 236.25 indebtedness, or capital notes refer to the estimated market value as last finally equalized.

236.26 ~~For the purpose of determining any net debt limit based on market value, or any limit~~
 236.27 ~~on the issuance of bonds, certificates of indebtedness, or capital notes based on market~~
 236.28 ~~value, the terms "market value," "taxable market value," and "market valuation," whether~~
 236.29 ~~equalized or unequalized, mean the total taxable market value of property within the local~~
 236.30 ~~unit of government before any adjustments for tax increment, fiscal disparity, powerline~~
 236.31 ~~credit, or wind energy values, but after the limited market value adjustments under section~~
 236.32 ~~273.11, subdivision 1a, and after the market value exclusions of certain improvements to~~
 236.33 ~~homestead property under section 273.11, subdivision 16. Unless otherwise provided,~~
 236.34 ~~"market value," "taxable market value," and "market valuation" for purposes of this~~
 236.35 ~~paragraph, mean the taxable market value as last finally equalized.~~

237.1 (d) For purposes of a provision of a home rule charter or of any special law that is not
237.2 codified in the statutes and that imposes a levy limitation based on market value or any limit
237.3 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
237.4 value, the terms "market value," "taxable market value," and "market valuation," whether
237.5 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

237.6 Sec. 26. Minnesota Statutes 2012, section 273.11, subdivision 1, is amended to read:

237.7 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,
237.8 subdivision 1, all property shall be valued at its market value. The market value as
237.9 determined pursuant to this section shall be stated such that any amount under \$100 is
237.10 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.
237.11 In estimating and determining such value, the assessor shall not adopt a lower or different
237.12 standard of value because the same is to serve as a basis of taxation, nor shall the assessor
237.13 adopt as a criterion of value the price for which such property would sell at a forced sale,
237.14 or in the aggregate with all the property in the town or district; but the assessor shall value
237.15 each article or description of property by itself, and at such sum or price as the assessor
237.16 believes the same to be fairly worth in money. The assessor shall take into account the
237.17 effect on the market value of property of environmental factors in the vicinity of the
237.18 property. In assessing any tract or lot of real property, the value of the land, exclusive of
237.19 structures and improvements, shall be determined, and also the value of all structures and
237.20 improvements thereon, and the aggregate value of the property, including all structures
237.21 and improvements, excluding the value of crops growing upon cultivated land. In valuing
237.22 real property upon which there is a mine or quarry, it shall be valued at such price as such
237.23 property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash,
237.24 if the material being mined or quarried is not subject to taxation under section 298.015
237.25 and the mine or quarry is not exempt from the general property tax under section 298.25.
237.26 In valuing real property which is vacant, platted property shall be assessed as provided
237.27 in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is
237.28 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market
237.29 value of such property and not at the value of a leasehold estate in such property, or at
237.30 some lesser value than its market value.

237.31 Sec. 27. Minnesota Statutes 2012, section 273.124, subdivision 3a, is amended to read:

237.32 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home
237.33 park is owned by a corporation or association organized under chapter 308A or 308B,
237.34 and each person who owns a share or shares in the corporation or association is entitled

238.1 to occupy a lot within the park, the corporation or association may claim homestead
238.2 treatment for the park. Each lot must be designated by legal description or number, and
238.3 each lot is limited to not more than one-half acre of land.

238.4 (b) The manufactured home park shall be entitled to homestead treatment if all
238.5 of the following criteria are met:

238.6 (1) the occupant or the cooperative corporation or association is paying the ad
238.7 valorem property taxes and any special assessments levied against the land and structure
238.8 either directly, or indirectly through dues to the corporation or association; and

238.9 (2) the corporation or association organized under chapter 308A or 308B is wholly
238.10 owned by persons having a right to occupy a lot owned by the corporation or association.

238.11 (c) A charitable corporation, organized under the laws of Minnesota with no
238.12 outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3)
238.13 tax-exempt status, qualifies for homestead treatment with respect to a manufactured home
238.14 park if its members hold residential participation warrants entitling them to occupy a lot
238.15 in the manufactured home park.

238.16 (d) "Homestead treatment" under this subdivision means the class rate provided for
238.17 class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5),
238.18 item (ii). The homestead market value ~~credit~~ exclusion under section ~~273.1384~~ 273.13,
238.19 subdivision 35, does not apply and the property taxes assessed against the park shall not
238.20 be included in the determination of taxes payable for rent paid under section 290A.03.

238.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and
238.22 thereafter.

238.23 Sec. 28. Minnesota Statutes 2012, section 273.124, subdivision 13, is amended to read:

238.24 Subd. 13. **Homestead application.** (a) A person who meets the homestead
238.25 requirements under subdivision 1 must file a homestead application with the county
238.26 assessor to initially obtain homestead classification.

238.27 (b) The format and contents of a uniform homestead application shall be prescribed
238.28 by the commissioner of revenue. The application must clearly inform the taxpayer that
238.29 this application must be signed by all owners who occupy the property or by the qualifying
238.30 relative and returned to the county assessor in order for the property to receive homestead
238.31 treatment.

238.32 (c) Every property owner applying for homestead classification must furnish to the
238.33 county assessor the Social Security number of each occupant who is listed as an owner
238.34 of the property on the deed of record, the name and address of each owner who does not
238.35 occupy the property, and the name and Social Security number of each owner's spouse who

occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The Social Security numbers, state or federal tax returns or tax return information, including the federal income tax schedule F required by this section, or affidavits or other proofs of the property owners and spouses submitted under this or another section to support a claim for a property tax homestead classification are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative and spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative or relative's spouse occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property

is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If the commissioner finds that a property owner may be claiming a fraudulent homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead and the homestead market value exclusion under section 273.13, the ~~taconite homestead credit~~ credit under section 273.135, the ~~residential homestead and agricultural homestead credits~~ credit under section 273.1384, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the person who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination

241.1 by serving copies of a petition for review with county officials as provided in section
241.2 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
241.3 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
241.4 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
241.5 assessment or levy, but without requiring any prepayment of the amount in controversy. If
241.6 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
241.7 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
241.8 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
241.9 penalty amounts at the rate provided in section 279.03 for real property taxes becoming
241.10 delinquent in the calendar year during which the amount remains unpaid. Interest may be
241.11 assessed for the period beginning 60 days after demand for payment was made.

241.12 If the person notified is the current owner of the property, the treasurer may add the
241.13 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes
241.14 otherwise payable on the property by including the amounts on the property tax statements
241.15 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad
241.16 valorem taxes shall include interest accrued through December 31 of the year preceding
241.17 the taxes payable year for which the amounts are first added. These amounts, when added
241.18 to the property tax statement, become subject to all the laws for the enforcement of real or
241.19 personal property taxes for that year, and for any subsequent year.

241.20 If the person notified is not the current owner of the property, the treasurer may
241.21 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
241.22 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
241.23 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
241.24 tax obligations of the person who owned the property at the time the application related to
241.25 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of
241.26 personal liability for the homestead benefits, penalty, interest, and costs, and instead extend
241.27 those amounts on the tax lists against the property as provided in this paragraph to the extent
241.28 that the current owner agrees in writing. On all demands, billings, property tax statements,
241.29 and related correspondence, the county must list and state separately the amounts of
241.30 homestead benefits, penalty, interest and costs being demanded, billed or assessed.

241.31 (i) Any amount of homestead benefits recovered by the county from the property
241.32 owner shall be distributed to the county, city or town, and school district where the
241.33 property is located in the same proportion that each taxing district's levy was to the total
241.34 of the three taxing districts' levy for the current year. Any amount recovered attributable
241.35 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be
241.36 deposited in the taconite property tax relief account. Any amount recovered that is

242.1 attributable to supplemental homestead credit is to be transmitted to the commissioner of
242.2 revenue for deposit in the general fund of the state treasury. The total amount of penalty
242.3 collected must be deposited in the county general fund.

242.4 (j) If a property owner has applied for more than one homestead and the county
242.5 assessors cannot determine which property should be classified as homestead, the county
242.6 assessors will refer the information to the commissioner. The commissioner shall make
242.7 the determination and notify the counties within 60 days.

242.8 (k) In addition to lists of homestead properties, the commissioner may ask the
242.9 counties to furnish lists of all properties and the record owners. The Social Security
242.10 numbers and federal identification numbers that are maintained by a county or city
242.11 assessor for property tax administration purposes, and that may appear on the lists retain
242.12 their classification as private or nonpublic data; but may be viewed, accessed, and used by
242.13 the county auditor or treasurer of the same county for the limited purpose of assisting the
242.14 commissioner in the preparation of microdata samples under section 270C.12.

242.15 (l) On or before April 30 each year beginning in 2007, each county must provide the
242.16 commissioner with the following data for each parcel of homestead property by electronic
242.17 means as defined in section 289A.02, subdivision 8:

242.18 (i) the property identification number assigned to the parcel for purposes of taxes
242.19 payable in the current year;

242.20 (ii) the name and Social Security number of each occupant of homestead property
242.21 who is the property owner, property owner's spouse, qualifying relative of a property
242.22 owner, or spouse of a qualifying relative;

242.23 (iii) the classification of the property under section 273.13 for taxes payable in the
242.24 current year and in the prior year;

242.25 (iv) an indication of whether the property was classified as a homestead for taxes
242.26 payable in the current year because of occupancy by a relative of the owner or by a
242.27 spouse of a relative;

242.28 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the
242.29 current year and the prior year;

242.30 (vi) the market value of improvements to the property first assessed for tax purposes
242.31 for taxes payable in the current year;

242.32 (vii) the assessor's estimated market value assigned to the property for taxes payable
242.33 in the current year and the prior year;

242.34 (viii) the taxable market value assigned to the property for taxes payable in the
242.35 current year and the prior year;

242.36 (ix) whether there are delinquent property taxes owing on the homestead;

- 243.1 (x) the unique taxing district in which the property is located; and
243.2 (xi) such other information as the commissioner decides is necessary.

243.3 The commissioner shall use the information provided on the lists as appropriate
243.4 under the law, including for the detection of improper claims by owners, or relatives
243.5 of owners, under chapter 290A.

243.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and
243.7 thereafter.

243.8 Sec. 29. Minnesota Statutes 2012, section 273.13, subdivision 21b, is amended to read:

243.9 Subd. 21b. **Net tax capacity.** ~~(a) Gross tax capacity means the product of the~~
243.10 ~~appropriate gross class rates in this section and market values.~~

243.11 ~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this
243.12 section and taxable market values.

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

243.14 Sec. 30. Minnesota Statutes 2012, section 273.1398, subdivision 3, is amended to read:

243.15 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each
243.16 taxing district within each unique taxing jurisdiction for taxes payable in the prior year
243.17 shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for
243.18 taxes payable in the year for which aid is being computed, to (2) its tax capacity using
243.19 the class rates for taxes payable in the year prior to that for which aid is being computed,
243.20 both based upon taxable market values for taxes payable in the year prior to that for which
243.21 aid is being computed. If the commissioner determines that insufficient information is
243.22 available to reasonably and timely calculate the numerator in this ratio for the first taxes
243.23 payable year that a class rate change or new class rate is effective, the commissioner shall
243.24 omit the effects of that class rate change or new class rate when calculating this ratio for
243.25 aid payable in that taxes payable year. For aid payable in the year following a year for
243.26 which such omission was made, the commissioner shall use in the denominator for the
243.27 class that was changed or created, the tax capacity for taxes payable two years prior to that
243.28 in which the aid is payable, based on taxable market values for taxes payable in the year
243.29 prior to that for which aid is being computed.

243.30 Sec. 31. Minnesota Statutes 2012, section 273.1398, subdivision 4, is amended to read:

243.31 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,
243.32 class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property

244.1 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)
244.2 the property is located in a city with a population greater than 2,500 and less than 35,000
244.3 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or
244.4 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city
244.5 in the other state has a population of greater than 5,000 and less than 75,000 according to
244.6 the 1980 decennial census.

244.7 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
244.8 property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a
244.9 property to 2.3 percent of taxable market value.

244.10 (c) The county auditor shall annually certify the costs of the credits to the
244.11 Department of Revenue. The department shall reimburse local governments for the
244.12 property taxes forgone as the result of the credits in proportion to their total levies.

244.13 Sec. 32. Minnesota Statutes 2012, section 275.011, subdivision 1, is amended to read:

244.14 Subdivision 1. **Determination of levy limit.** The property tax levied for any
244.15 purpose under a special law that is not codified in Minnesota Statutes or a city charter
244.16 provision and that is subject to a mill rate limitation imposed by the special law or city
244.17 charter provision, excluding levies subject to mill rate limitations that use adjusted
244.18 assessed values determined by the commissioner of revenue under section 124.2131, must
244.19 not exceed the following amount for the years specified:

244.20 (a) for taxes payable in 1988, the product of the applicable mill rate limitation
244.21 imposed by special law or city charter provision multiplied by the total assessed valuation
244.22 of all taxable property subject to the tax as adjusted by the provisions of Minnesota
244.23 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

244.24 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for
244.25 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for
244.26 market valuation changes equal to the assessment year 1988 total market valuation of all
244.27 taxable property subject to the tax divided by the assessment year 1987 total market
244.28 valuation of all taxable property subject to the tax; and

244.29 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property
244.30 tax levy limitation for the previous year determined pursuant to this subdivision multiplied
244.31 by (2) an index for market valuation changes equal to the total market valuation of all
244.32 taxable property subject to the tax for the current assessment year divided by the total
244.33 market valuation of all taxable property subject to the tax for the previous assessment year.

244.34 For the purpose of determining the property tax levy limitation for the taxes payable
244.35 year ~~1988~~ 2014 and subsequent years under this subdivision, "total market valuation"

245.1 means the ~~total~~ estimated market valuation value of all taxable property subject to the
245.2 tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~
245.3 ~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~
245.4 as provided under section 273.032.

245.5 Sec. 33. Minnesota Statutes 2012, section 275.077, subdivision 2, is amended to read:

245.6 Subd. 2. **Correction of levy amount.** The difference between the correct levy and
245.7 the erroneous levy shall be added to the township levy for the subsequent levy year;
245.8 provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ estimated
245.9 market value, the excess shall be added to the township levy for the second and later
245.10 subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~
245.11 estimated market value in any year, until the full amount of the difference has been levied.
245.12 The funds collected from the corrected levies shall be used to reimburse the county for the
245.13 payment required by subdivision 1.

245.14 Sec. 34. Minnesota Statutes 2012, section 275.71, subdivision 4, is amended to read:

245.15 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the
245.16 adjusted levy limit base is equal to the levy limit base computed under subdivision 2
245.17 or section 275.72, multiplied by:

245.18 (1) one plus the percentage growth in the implicit price deflator, but the percentage
245.19 shall not be less than zero or exceed 3.9 percent;

245.20 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
245.21 of households, if any, for the most recent 12-month period for which data is available; and

245.22 (3) one plus a percentage equal to 50 percent of the percentage increase in the
245.23 ~~taxable~~ estimated market value of the jurisdiction due to new construction of class 3
245.24 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and
245.25 railroad property, for the most recent year for which data is available.

245.26 Sec. 35. Minnesota Statutes 2012, section 276.04, subdivision 2, is amended to read:

245.27 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing
245.28 of the tax statements. The commissioner of revenue shall prescribe the form of the property
245.29 tax statement and its contents. The tax statement must not state or imply that property tax
245.30 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
245.31 of the dollar amount due to each taxing authority and the amount of the state tax from the
245.32 parcel of real property for which a particular tax statement is prepared. The dollar amounts
245.33 attributable to the county, the state tax, the voter approved school tax, the other local school

246.1 tax, the township or municipality, and the total of the metropolitan special taxing districts
246.2 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated.
246.3 The amounts due all other special taxing districts, if any, may be aggregated except that
246.4 any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota,
246.5 Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate
246.6 line directly under the appropriate county's levy. If the county levy under this paragraph
246.7 includes an amount for a lake improvement district as defined under sections 103B.501
246.8 to 103B.581, the amount attributable for that purpose must be separately stated from the
246.9 remaining county levy amount. In the case of Ramsey County, if the county levy under this
246.10 paragraph includes an amount for public library service under section 134.07, the amount
246.11 attributable for that purpose may be separated from the remaining county levy amount.
246.12 The amount of the tax on homesteads qualifying under the senior citizens' property tax
246.13 deferral program under chapter 290B is the total amount of property tax before subtraction
246.14 of the deferred property tax amount. The amount of the tax on contamination value
246.15 imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar
246.16 amounts, including the dollar amount of any special assessments, may be rounded to the
246.17 nearest even whole dollar. For purposes of this section whole odd-numbered dollars may
246.18 be adjusted to the next higher even-numbered dollar. The amount of market value excluded
246.19 under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

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

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

246.27 (1) the property's estimated market value under section 273.11, subdivision 1;
246.28 (2) the property's homestead market value exclusion under section 273.13,
246.29 subdivision 35;
246.30 (3) the property's taxable market value ~~after reductions under sections 273.11,~~
246.31 ~~subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;
246.32 (4) the property's gross tax, before credits;
246.33 (5) for homestead agricultural properties, the credit under section 273.1384;
246.34 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
246.35 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of

247.1 credit received under section 273.135 must be separately stated and identified as "taconite
247.2 tax relief"; and

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

247.4 (d) If the county uses envelopes for mailing property tax statements and if the county
247.5 agrees, a taxing district may include a notice with the property tax statement notifying
247.6 taxpayers when the taxing district will begin its budget deliberations for the current
247.7 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
247.8 be included in the envelope containing the property tax statement, and if more than
247.9 one taxing district relative to a given property decides to include a notice with the tax
247.10 statement, the county treasurer or auditor must coordinate the process and may combine
247.11 the information on a single announcement.

247.12 Sec. 36. Minnesota Statutes 2012, section 276A.01, subdivision 10, is amended to read:

247.13 Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal
247.14 property within a municipality means the ~~assessor's estimated~~ taxable market value,
247.15 as defined in section 272.03, of all real and personal property, including the value of
247.16 manufactured housing, within the municipality. ~~For purposes of sections 276A.01 to~~
247.17 ~~276A.09, the commissioner of revenue shall annually make determinations and reports~~
247.18 ~~with respect to each municipality which are comparable to those it makes for school~~
247.19 ~~districts, adjusted for sales ratios in a manner similar to the adjustments made to city and~~
247.20 ~~town net tax capacities under section 127A.48, subdivisions 1 to 6, in the same manner~~
247.21 ~~and at the same times prescribed by the subdivision. The commissioner of revenue shall~~
247.22 ~~annually determine, for each municipality, information comparable to that required by~~
247.23 ~~section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes~~
247.24 ~~available. The commissioner of revenue shall then compute the equalized market value of~~
247.25 ~~property within each municipality.~~

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

247.27 Sec. 37. Minnesota Statutes 2012, section 276A.01, subdivision 12, is amended to read:

247.28 Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
247.29 adjusted market value, determined as of January 2 of any year, divided by its population,
247.30 determined as of a date in the same year.

247.31 Sec. 38. Minnesota Statutes 2012, section 276A.01, subdivision 13, is amended to read:

247.32 Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
247.33 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined

248.1 as of January 2 of any year, divided by the sum of their populations, determined as of
248.2 a date in the same year.

248.3 Sec. 39. Minnesota Statutes 2012, section 276A.01, subdivision 15, is amended to read:

248.4 Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of
248.5 real and personal property multiplied by its net tax capacity rates in section 273.13.

248.6 Sec. 40. Minnesota Statutes 2012, section 276A.06, subdivision 10, is amended to read:

248.7 Subd. 10. **Adjustment of values for other computations.** For the purpose of
248.8 computing ~~the amount or rate of any salary, aid, tax, or debt authorized, required, or~~
248.9 ~~limited by any provision of any law or charter, where the authorization, requirement, or~~
248.10 ~~limitation is related to any value or valuation of taxable property within any governmental~~
248.11 ~~unit, the value or net tax capacity~~ fiscal capacity under section 276A.01, subdivision 12, a
248.12 municipality's taxable market value must be adjusted to reflect the adjustments reductions
248.13 to net tax capacity effected by subdivision 2, clause (a), provided that: ~~(1)~~ in determining
248.14 the taxable market value of commercial-industrial property or any class thereof within
248.15 a ~~governmental unit for any purpose other than section 276A.05~~ municipality, ~~(a)~~ the
248.16 reduction required by this subdivision is that amount which bears the same proportion to
248.17 the amount subtracted from the ~~governmental unit's~~ municipality's net tax capacity pursuant
248.18 to subdivision 2, clause (a), as the taxable market value of commercial-industrial property,
248.19 or such class thereof, located within the ~~governmental unit~~ municipality bears to the net
248.20 tax capacity of commercial-industrial property, or such class thereof, located within the
248.21 ~~governmental unit, and (b) the increase required by this subdivision is that amount which~~
248.22 ~~bears the same proportion to the amount added to the governmental unit's net tax capacity~~
248.23 ~~pursuant to subdivision 2, clause (b), as the market value of commercial-industrial property,~~
248.24 ~~or such class thereof, located within the governmental unit bears to the net tax capacity of~~
248.25 ~~commercial-industrial property, or such class thereof, located within the governmental unit;~~
248.26 ~~and (2) in determining the market value of real property within a municipality for purposes~~
248.27 ~~of section 276A.05, the adjustment prescribed by clause (1)(a) must be made and that~~
248.28 ~~prescribed by clause (1)(b) must not be made~~ municipality. No adjustment shall be made
248.29 to taxable market value for the increase in net tax capacity under subdivision 2, clause (b).

248.30 Sec. 41. Minnesota Statutes 2012, section 287.08, is amended to read:

248.31 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

248.32 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of
248.33 any county in this state in which the real property or some part is located at or before

249.1 the time of filing the mortgage for record. The treasurer shall endorse receipt on the
249.2 mortgage and the receipt is conclusive proof that the tax has been paid in the amount
249.3 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its
249.4 form, in substance, shall be "registration tax hereon of dollars paid." If the
249.5 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from
249.6 registration tax." In either case the receipt must be signed by the treasurer. In case the
249.7 treasurer is unable to determine whether a claim of exemption should be allowed, the tax
249.8 must be paid as in the case of a taxable mortgage. For documents submitted electronically,
249.9 the endorsements and tax amount shall be affixed electronically and no signature by the
249.10 treasurer will be required. The actual payment method must be arranged in advance
249.11 between the submitter and the receiving county.

249.12 (b) The county treasurer may refund in whole or in part any mortgage registry tax
249.13 overpayment if a written application by the taxpayer is submitted to the county treasurer
249.14 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
249.15 of the application, the taxpayer may bring an action in Tax Court in the county in which
249.16 the tax was paid at any time after the expiration of six months from the time that the
249.17 application was submitted. A denial of refund may be appealed within 60 days from
249.18 the date of the denial by bringing an action in Tax Court in the county in which the tax
249.19 was paid. The action is commenced by the serving of a petition for relief on the county
249.20 treasurer, and by filing a copy with the court. The county attorney shall defend the action.
249.21 The county treasurer shall notify the treasurer of each county that has or would receive a
249.22 portion of the tax as paid.

249.23 (c) If the county treasurer determines a refund should be paid, or if a refund is
249.24 ordered by the court, the county treasurer of each county that actually received a portion
249.25 of the tax shall immediately pay a proportionate share of three percent of the refund
249.26 using any available county funds. The county treasurer of each county that received, or
249.27 would have received, a portion of the tax shall also pay their county's proportionate share
249.28 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the
249.29 following month using solely the mortgage registry tax funds that would be paid to the
249.30 commissioner of revenue on that date under section 287.12. If the funds on hand under
249.31 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the
249.32 county treasurer of the county in which the action was brought shall file a claim with the
249.33 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of
249.34 the refund, and shall pay over the remaining portion upon receipt of a warrant from the
249.35 state issued pursuant to the claim.

(d) When any mortgage covers real property located in more than one county in this state the total tax must be paid to the treasurer of the county where the mortgage is first presented for recording, and the payment must be receipted as provided in paragraph (a). If the principal debt or obligation secured by such a multiple county mortgage exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio that the estimated market value of the real property covered by the mortgage in each county bears to the estimated market value of all the real property in this state described in the mortgage. In making the division and payment the county treasurer shall send a statement giving the description of the real property described in the mortgage and the estimated market value of the part located in each county. For this purpose, the treasurer of any county may require the treasurer of any other county to certify to the former the estimated market ~~valuation~~ value of any tract of real property in any mortgage.

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

Sec. 42. Minnesota Statutes 2012, section 287.23, subdivision 1, is amended to read:

Subdivision 1. **Real property outside county.** If any taxable deed or instrument describes any real property located in more than one county in this state, the total tax must be paid to the treasurer of the county where the document is first presented for recording, and the payment must be receipted as provided in section 287.08. If the net consideration exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio which the estimated market value of the real property covered by the document in each county bears to the estimated market value of all the real property in this state described in the document. In making the division and payment the county treasurer shall send a statement to the other involved counties giving the description of the real property described in the document and the estimated market value of the part located in each county. The treasurer of any county may require the treasurer of any other county to certify to the former the estimated market ~~valuation~~ value of any parcel of real property for this purpose.

251.1 Sec. 43. Minnesota Statutes 2012, section 353G.08, subdivision 2, is amended to read:

251.2 Subd. 2. **Cash flow funding requirement.** If the executive director determines that
251.3 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
251.4 insufficient assets to meet the service pensions determined payable from the account,
251.5 the executive director shall certify the amount of the potential service pension shortfall
251.6 to the municipality or municipalities and the municipality or municipalities shall make
251.7 an additional employer contribution to the account within ten days of the certification.
251.8 If more than one municipality is associated with the account, unless the municipalities
251.9 agree to a different allocation, the municipalities shall allocate the additional employer
251.10 contribution one-half in proportion to the population of each municipality and one-half in
251.11 proportion to the estimated market value of the property of each municipality.

251.12 Sec. 44. Minnesota Statutes 2012, section 365.025, subdivision 4, is amended to read:

251.13 Subd. 4. **Major purchases: notice, petition, election.** Before buying anything
251.14 under subdivision 2 that costs more than 0.24177 percent of the estimated market value of
251.15 the town, the town must follow this subdivision.

251.16 The town must publish in its official newspaper the board's resolution to pay for the
251.17 property over time. Then a petition for an election on the contract may be filed with the
251.18 clerk. The petition must be filed within ten days after the resolution is published. To require
251.19 the election the petition must be signed by a number of voters equal to ten percent of the
251.20 voters at the last regular town election. The contract then must be approved by a majority of
251.21 those voting on the question. The question may be voted on at a regular or special election.

251.22 Sec. 45. Minnesota Statutes 2012, section 366.095, subdivision 1, is amended to read:

251.23 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates
251.24 of indebtedness within the debt limits for a town purpose otherwise authorized by law.
251.25 The certificates shall be payable in not more than ten years and be issued on the terms and
251.26 in the manner as the board may determine. If the amount of the certificates to be issued
251.27 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued
251.28 for at least ten days after publication in a newspaper of general circulation in the town of
251.29 the board's resolution determining to issue them. If within that time, a petition asking for
251.30 an election on the proposition signed by voters equal to ten percent of the number of voters
251.31 at the last regular town election is filed with the clerk, the certificates shall not be issued
251.32 until their issuance has been approved by a majority of the votes cast on the question at
251.33 a regular or special election. A tax levy shall be made to pay the principal and interest
251.34 on the certificates as in the case of bonds.

252.1 Sec. 46. Minnesota Statutes 2012, section 366.27, is amended to read:

252.2 **366.27 FIREFIGHTERS' RELIEF; TAX LEVY.**

252.3 The town board of any town in this state having therein a platted portion on
252.4 which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief
252.5 association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~
252.6 estimated market value for the benefit of the relief association.

252.7 Sec. 47. Minnesota Statutes 2012, section 368.01, subdivision 23, is amended to read:

252.8 Subd. 23. **Financing purchase of certain equipment.** The town board may issue
252.9 certificates of indebtedness within debt limits to purchase fire or police equipment or
252.10 ambulance equipment or street construction or maintenance equipment. The certificates
252.11 shall be payable in not more than five years and be issued on terms and in the manner as the
252.12 board may determine. If the amount of the certificates to be issued to finance a purchase
252.13 exceeds 0.24177 percent of the estimated market value of the town, ~~excluding money~~
252.14 ~~and credits~~, they shall not be issued for at least ten days after publication in the official
252.15 newspaper of a town board resolution determining to issue them. If before the end of that
252.16 time, a petition asking for an election on the proposition signed by voters equal to ten
252.17 percent of the number of voters at the last regular town election is filed with the clerk, the
252.18 certificates shall not be issued until the proposition of their issuance has been approved by a
252.19 majority of the votes cast on the question at a regular or special election. A tax levy shall be
252.20 made for the payment of the principal and interest on the certificates as in the case of bonds.

252.21 Sec. 48. Minnesota Statutes 2012, section 368.47, is amended to read:

252.22 **368.47 TOWNS MAY BE DISSOLVED.**

252.23 (1) When the voters residing within a town have failed to elect any town officials for
252.24 more than ten years continuously;

252.25 (2) when a town has failed for a period of ten years to exercise any of the powers
252.26 and functions of a town;

252.27 (3) when the estimated market value of a town drops to less than \$165,000;

252.28 (4) when the tax delinquency of a town, exclusive of taxes that are delinquent or
252.29 unpaid because they are contested in proceedings for the enforcement of taxes, amounts to
252.30 12 percent of its market value; or

252.31 (5) when the state or federal government has acquired title to 50 percent of the
252.32 real estate of a town,

252.33 which facts, or any of them, may be found and determined by the resolution of the county
252.34 board of the county in which the town is located, according to the official records in the

253.1 office of the county auditor, the county board by resolution may declare the town, naming
253.2 it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

253.3 In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters
253.4 of the town shall express their approval or disapproval. The town clerk shall, upon a
253.5 petition signed by a majority of the registered voters of the town, filed with the clerk at
253.6 least 60 days before a regular or special town election, give notice at the same time and
253.7 in the same manner of the election that the question of dissolution of the town will be
253.8 submitted for determination at the election. At the election the question shall be voted
253.9 upon by a separate ballot, the terms of which shall be either "for dissolution" or "against
253.10 dissolution." The ballot shall be deposited in a separate ballot box and the result of the
253.11 voting canvassed, certified, and returned in the same manner and at the same time as
253.12 other facts and returns of the election. If a majority of the votes cast at the election are
253.13 for dissolution, the town shall be dissolved. If a majority of the votes cast at the election
253.14 are against dissolution, the town shall not be dissolved.

253.15 When a town is dissolved under sections 368.47 to 368.49 the county shall acquire
253.16 title to any telephone company or other business conducted by the town. The business
253.17 shall be operated by the board of county commissioners until it can be sold. The
253.18 subscribers or patrons of the business shall have the first opportunity of purchase. If the
253.19 town has any outstanding indebtedness chargeable to the business, the county auditor shall
253.20 levy a tax against the property situated in the dissolved town to pay the indebtedness
253.21 as it becomes due.

253.22 Sec. 49. Minnesota Statutes 2012, section 370.01, is amended to read:

253.23 **370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.**

253.24 The boundaries of counties may be changed by taking territory from a county and
253.25 attaching it to an adjoining county, and new counties may be established out of territory of
253.26 one or more existing counties. A new county shall contain at least 400 square miles and
253.27 have at least 4,000 inhabitants. A proposed new county must have a total ~~taxable~~ estimated
253.28 market value of at least 35 percent of (i) the total ~~taxable~~ estimated market value of the
253.29 existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing
253.30 counties, included in the proposition. The determination of the ~~taxable~~ estimated market
253.31 value of a county must be made by the commissioner of revenue. An existing county shall
253.32 not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a
253.33 total ~~taxable~~ estimated market value of less than that required of a new county.

254.1 No change in the boundaries of any county having an area of more than 2,500 square
254.2 miles, whether by the creation of a new county, or otherwise, shall detach from the existing
254.3 county any territory within 12 miles of the county seat.

254.4 Sec. 50. Minnesota Statutes 2012, section 373.40, subdivision 1, is amended to read:

254.5 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
254.6 the meanings given.

254.7 (a) "Bonds" means an obligation as defined under section 475.51.

254.8 (b) "Capital improvement" means acquisition or betterment of public lands,
254.9 buildings, or other improvements within the county for the purpose of a county courthouse,
254.10 administrative building, health or social service facility, correctional facility, jail, law
254.11 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and
254.12 bridges, and the acquisition of development rights in the form of conservation easements
254.13 under chapter 84C. An improvement must have an expected useful life of five years or
254.14 more to qualify. "Capital improvement" does not include a recreation or sports facility
254.15 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,
254.16 swimming pool, exercise room or health spa), unless the building is part of an outdoor
254.17 park facility and is incidental to the primary purpose of outdoor recreation.

254.18 (c) "Metropolitan county" means a county located in the seven-county metropolitan
254.19 area as defined in section 473.121 or a county with a population of 90,000 or more.

254.20 (d) "Population" means the population established by the most recent of the
254.21 following (determined as of the date the resolution authorizing the bonds was adopted):

254.22 (1) the federal decennial census,

254.23 (2) a special census conducted under contract by the United States Bureau of the
254.24 Census, or

254.25 (3) a population estimate made either by the Metropolitan Council or by the state
254.26 demographer under section 4A.02.

254.27 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
254.28 section 373.43.

254.29 ~~(f) "Tax capacity" means total taxable market value, but does not include captured~~
254.30 ~~market value.~~

254.31 Sec. 51. Minnesota Statutes 2012, section 373.40, subdivision 4, is amended to read:

254.32 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section
254.33 if the maximum amount of principal and interest to become due in any year on all the
254.34 outstanding bonds issued pursuant to this section (including the bonds to be issued) will

255.1 equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the
255.2 county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for
255.3 the taxes payable year in which the obligations are issued and sold. This section does not
255.4 limit the authority to issue bonds under any other special or general law.

255.5 Sec. 52. Minnesota Statutes 2012, section 375.167, subdivision 1, is amended to read:

255.6 Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board
255.7 may appropriate from the general revenue fund to any nonprofit corporation a sum not
255.8 to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance
255.9 to persons who are unable to afford private legal counsel.

255.10 Sec. 53. Minnesota Statutes 2012, section 375.18, subdivision 3, is amended to read:

255.11 Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a
255.12 suitable courthouse. No indebtedness shall be created for a courthouse in excess of an
255.13 amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the
255.14 approval of a majority of the voters of the county voting on the question of issuing the
255.15 obligation at an election.

255.16 Sec. 54. Minnesota Statutes 2012, section 375.555, is amended to read:

255.17 **375.555 FUNDING.**

255.18 To implement the county emergency jobs program, the county board may expend
255.19 an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~
255.20 estimated market value. The money to be expended may be from any available funds
255.21 not otherwise earmarked.

255.22 Sec. 55. Minnesota Statutes 2012, section 383B.152, is amended to read:

255.23 **383B.152 BUILDING AND MAINTENANCE FUND.**

255.24 The county board may by resolution levy a tax to provide money which shall be kept
255.25 in a fund known as the county reserve building and maintenance fund. Money in the fund
255.26 shall be used solely for the construction, maintenance, and equipping of county buildings
255.27 that are constructed or maintained by the board. The levy shall not be subject to any limit
255.28 fixed by any other law or by any board of tax levy or other corresponding body, but shall
255.29 not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by
255.30 chapter 475 to be levied in the year for the payment of the principal of and interest on all
255.31 bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

256.1 Sec. 56. Minnesota Statutes 2012, section 383B.245, is amended to read:

256.2 **383B.245 LIBRARY LEVY.**

256.3 (a) The county board may levy a tax on the taxable property within the county to
256.4 acquire, better, and construct county library buildings and branches and to pay principal
256.5 and interest on bonds issued for that purpose.

256.6 (b) The county board may by resolution adopted by a five-sevenths vote issue and
256.7 sell general obligation bonds of the county in the manner provided in sections 475.60 to
256.8 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59,
256.9 but the maturity years and amounts and interest rates of each series of bonds shall be
256.10 fixed so that the maximum amount of principal and interest to become due in any year,
256.11 on the bonds of that series and of all outstanding series issued by or for the purposes of
256.12 libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value
256.13 of all taxable property in the county as last finally equalized before the issuance of the new
256.14 series. When the tax levy authorized in this section is collected it shall be appropriated
256.15 and credited to a debt service fund for the bonds in amounts required each year in lieu of a
256.16 countywide tax levy for the debt service fund under section 475.61.

256.17 Sec. 57. Minnesota Statutes 2012, section 383B.73, subdivision 1, is amended to read:

256.18 Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park
256.19 District as set forth in its annual budget, in lieu of the levies authorized by any other
256.20 special law for such purposes, the Board of Park District Commissioners may levy taxes
256.21 on all the taxable property in the county and park district at a rate not exceeding 0.03224
256.22 percent of estimated market value. Notwithstanding section 398.16, on or before October
256.23 1 of each year, after public hearing, the Board of Park District Commissioners shall adopt
256.24 a budget for the ensuing year and shall determine the total amount necessary to be raised
256.25 from ad valorem tax levies to meet its budget. The Board of Park District Commissioners
256.26 shall submit the budget to the county board. The county board may veto or modify an item
256.27 contained in the budget. If the county board determines to veto or to modify an item in the
256.28 budget, it must, within 15 days after the budget was submitted by the district board, state
256.29 in writing the specific reasons for its objection to the item vetoed or the reason for the
256.30 modification. The Park District Board, after consideration of the county board's objections
256.31 and proposed modifications, may reapprove a vetoed item or the original version of an item
256.32 with respect to which a modification has been proposed, by a two-thirds majority. If the
256.33 district board does not reapprove a vetoed item, the item shall be deleted from the budget.
256.34 If the district board does not reapprove the original version of a modified item, the item
256.35 shall be included in the budget as modified by the county board. After adoption of the final

257.1 budget and no later than October 1, the superintendent of the park district shall certify to the
257.2 office of the Hennepin County director of tax and public records exercising the functions
257.3 of the county auditor the total amount to be raised from ad valorem tax levies to meet its
257.4 budget for the ensuing year. The director of tax and public records shall add the amount of
257.5 any levy certified by the district to other tax levies on the property of the county within the
257.6 district for collection by the director of tax and public records with other taxes. When
257.7 collected, the director shall make settlement of such taxes with the district in the same
257.8 manner as other taxes are distributed to the other political subdivisions in Hennepin County.

257.9 Sec. 58. Minnesota Statutes 2012, section 383E.20, is amended to read:

257.10 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

257.11 The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue
257.12 and sell general obligation bonds of the county in the manner provided in chapter 475 to
257.13 acquire, better, and construct county library buildings. The bonds shall not be subject to the
257.14 requirements of sections 475.57 to 475.59. The maturity years and amounts and interest
257.15 rates of each series of bonds shall be fixed so that the maximum amount of principal and
257.16 interest to become due in any year, on the bonds of that series and of all outstanding series
257.17 issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent
257.18 of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any
257.19 taxable property taxed by any city for the support of any free public library. When the tax
257.20 levy authorized in this section is collected, it shall be appropriated and credited to a debt
257.21 service fund for the bonds. The tax levy for the debt service fund under section 475.61
257.22 shall be reduced by the amount available or reasonably anticipated to be available in the
257.23 fund to make payments otherwise payable from the levy pursuant to section 475.61.

257.24 Sec. 59. Minnesota Statutes 2012, section 383E.23, is amended to read:

257.25 **383E.23 LIBRARY TAX.**

257.26 The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~
257.27 estimated market value of taxable property located within the county excluding any
257.28 taxable property taxed by any city for the support of any free public library, to acquire,
257.29 better, and construct county library buildings and to pay principal and interest on bonds
257.30 issued for that purpose. The tax shall be disregarded in the calculation of levies or limits
257.31 on levies provided by section 373.40, or other law.

257.32 Sec. 60. Minnesota Statutes 2012, section 385.31, is amended to read:

385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.

When any order or warrant drawn on the treasurer is presented for payment, if there is money in the treasury for that purpose, the county treasurer shall redeem the same, and write across the entire face thereof the word "redeemed," the date of the redemption, and the treasurer's official signature. If there is not sufficient funds in the proper accounts to pay such orders they shall be numbered and registered in their order of presentation, and proper endorsement thereof shall be made on such orders and they shall be entitled to payment in like order. Such orders shall bear interest at not to exceed the rate of six percent per annum from such date of presentment. The treasurer, as soon as there is sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the payment of the orders so presented and registered, and, if entitled to interest, issue to the original holder a notice that interest will cease in 30 days from the date of such notice; and, if orders thus entitled to priority of payment are not then presented, the next in order of registry may be paid until such orders are presented. No interest shall be paid on any order, except upon a warrant drawn by the county auditor for that purpose, giving the number and the date of the order on account of which the interest warrant is drawn. In any county in this state now or hereafter having a an estimated market value of all taxable property; ~~exclusive of money and credits~~, of not less than \$1,033,000,000, the county treasurer, in order to save payment of interest on county warrants drawn upon a fund in which there shall be temporarily insufficient money in the treasury to redeem the same, may borrow temporarily from any other fund in the county treasury in which there is a sufficient balance to care for the needs of such fund and allow a temporary loan or transfer to any other fund, and may pay such warrants out of such funds. Any such money so transferred and used in redeeming such county warrants shall be returned to the fund from which drawn as soon as money shall come in to the credit of such fund on which any such warrant was drawn and paid as aforesaid. Any county operating on a cash basis may use a combined form of warrant or order and check, which, when signed by the chair of the county board and by the auditor, is an order or warrant for the payment of the claim, and, when countersigned by the county treasurer, is a check for the payment of the amount thereof.

Sec. 61. Minnesota Statutes 2012, section 394.36, subdivision 1, is amended to read:

Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land or premises existing at the time of the adoption of an official control under this chapter, may be continued, although the use or occupation does not conform to the official control. If the nonconformity or occupancy is discontinued for a period of more than one year, or

259.1 any nonconforming building or structure is destroyed by fire or other peril to the extent of
259.2 50 percent of its estimated market value, any subsequent use or occupancy of the land or
259.3 premises shall be a conforming use or occupancy.

259.4 Sec. 62. Minnesota Statutes 2012, section 398A.04, subdivision 8, is amended to read:

259.5 Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall
259.6 give six weeks' published notice in all municipalities in the region. If a number of voters
259.7 in the region equal to five percent of those who voted for candidates for governor at the
259.8 last gubernatorial election present a petition within nine weeks of the first published notice
259.9 to the secretary of state requesting that the matter be submitted to popular vote, it shall be
259.10 submitted at the next general election. The question prepared shall be:

259.11 "Shall the regional rail authority have the power to impose a property tax?

259.12 Yes

259.13 No "

259.14 If a majority of those voting on the question approve or if no petition is presented
259.15 within the prescribed time the authority may levy a tax at any annual rate not exceeding
259.16 0.04835 percent of estimated market value of all taxable property situated within the
259.17 municipality or municipalities named in its organization resolution. Its recording officer
259.18 shall file, on or before September 15, in the office of the county auditor of each county
259.19 in which territory under the jurisdiction of the authority is located a certified copy of the
259.20 board of commissioners' resolution levying the tax, and each county auditor shall assess
259.21 and extend upon the tax rolls of each municipality named in the organization resolution the
259.22 portion of the tax that bears the same ratio to the whole amount that the net tax capacity of
259.23 taxable property in that municipality bears to the net tax capacity of taxable property in
259.24 all municipalities named in the organization resolution. Collections of the tax shall be
259.25 remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,
259.26 the amount levied for light rail transit purposes under this subdivision shall not exceed 75
259.27 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

259.28 Sec. 63. Minnesota Statutes 2012, section 401.05, subdivision 3, is amended to read:

259.29 Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties
259.30 which acquires or constructs and equips or improves facilities under this chapter may,
259.31 with the approval of the board of county commissioners of each county, enter into a
259.32 lease agreement with a city situated within any of the counties, or a county housing and
259.33 redevelopment authority established under chapter 469 or any special law. Under the lease
259.34 agreement, the city or county housing and redevelopment authority shall:

260.1 (1) construct or acquire and equip or improve a facility in accordance with plans
260.2 prepared by or at the request of a county or joint powers board of the group of counties
260.3 and approved by the commissioner of corrections; and

260.4 (2) finance the facility by the issuance of revenue bonds.

260.5 (b) The county or joint powers board of a group of counties may lease the facility
260.6 site, improvements, and equipment for a term upon rental sufficient to produce revenue
260.7 for the prompt payment of the revenue bonds and all interest accruing on them. Upon
260.8 completion of payment, the lessee shall acquire title. The real and personal property
260.9 acquired for the facility constitutes a project and the lease agreement constitutes a revenue
260.10 agreement as provided in sections 469.152 to 469.165. All proceedings by the city or
260.11 county housing and redevelopment authority and the county or joint powers board shall be
260.12 as provided in sections 469.152 to 469.165, with the following adjustments:

260.13 (1) no tax may be imposed upon the property;

260.14 (2) the approval of the project by the commissioner of employment and economic
260.15 development is not required;

260.16 (3) the Department of Corrections shall be furnished and shall record information
260.17 concerning each project as it may prescribe, in lieu of reports required on other projects to
260.18 the commissioner of employment and economic development;

260.19 (4) the rentals required to be paid under the lease agreement shall not exceed in any
260.20 year one-tenth of one percent of the estimated market value of property within the county
260.21 or group of counties as last equalized before the execution of the lease agreement;

260.22 (5) the county or group of counties shall provide for payment of all rentals due
260.23 during the term of the lease agreement in the manner required in subdivision 4;

260.24 (6) no mortgage on the facilities shall be granted for the security of the bonds, but
260.25 compliance with clause (5) may be enforced as a nondiscretionary duty of the county
260.26 or group of counties; and

260.27 (7) the county or the joint powers board of the group of counties may sublease any
260.28 part of the facilities for purposes consistent with their maintenance and operation.

260.29 Sec. 64. Minnesota Statutes 2012, section 410.32, is amended to read:

260.30 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

260.31 (a) Notwithstanding any contrary provision of other law or charter, a home rule
260.32 charter city may, by resolution and without public referendum, issue capital notes subject
260.33 to the city debt limit to purchase capital equipment.

260.34 (b) For purposes of this section, "capital equipment" means:

261.1 (1) public safety equipment, ambulance and other medical equipment, road
261.2 construction and maintenance equipment, and other capital equipment; and

261.3 (2) computer hardware and software, whether bundled with machinery or equipment
261.4 or unbundled.

261.5 (c) The equipment or software must have an expected useful life at least as long
261.6 as the term of the notes.

261.7 (d) The notes shall be payable in not more than ten years and be issued on terms
261.8 and in the manner the city determines. The total principal amount of the capital notes
261.9 issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of
261.10 taxable property in the city for that year.

261.11 (e) A tax levy shall be made for the payment of the principal and interest on the
261.12 notes, in accordance with section 475.61, as in the case of bonds.

261.13 (f) Notes issued under this section shall require an affirmative vote of two-thirds of
261.14 the governing body of the city.

261.15 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
261.16 city may also issue capital notes subject to its debt limit in the manner and subject to the
261.17 limitations applicable to statutory cities pursuant to section 412.301.

261.18 Sec. 65. Minnesota Statutes 2012, section 412.221, subdivision 2, is amended to read:

261.19 Subd. 2. **Contracts.** The council shall have power to make such contracts as may
261.20 be deemed necessary or desirable to make effective any power possessed by the council.
261.21 The city may purchase personal property through a conditional sales contract and real
261.22 property through a contract for deed under which contracts the seller is confined to the
261.23 remedy of recovery of the property in case of nonpayment of all or part of the purchase
261.24 price, which shall be payable over a period of not to exceed five years. When the contract
261.25 price of property to be purchased by contract for deed or conditional sales contract
261.26 exceeds 0.24177 percent of the estimated market value of the city, the city may not enter
261.27 into such a contract for at least ten days after publication in the official newspaper of a
261.28 council resolution determining to purchase property by such a contract; and, if before the
261.29 end of that time a petition asking for an election on the proposition signed by voters equal
261.30 to ten percent of the number of voters at the last regular city election is filed with the clerk,
261.31 the city may not enter into such a contract until the proposition has been approved by a
261.32 majority of the votes cast on the question at a regular or special election.

261.33 Sec. 66. Minnesota Statutes 2012, section 412.301, is amended to read:

261.34 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

262.1 (a) The council may issue certificates of indebtedness or capital notes subject to the
262.2 city debt limits to purchase capital equipment.

262.3 (b) For purposes of this section, "capital equipment" means:

262.4 (1) public safety equipment, ambulance and other medical equipment, road
262.5 construction and maintenance equipment, and other capital equipment; and

262.6 (2) computer hardware and software, whether bundled with machinery or equipment
262.7 or unbundled.

262.8 (c) The equipment or software must have an expected useful life at least as long as
262.9 the terms of the certificates or notes.

262.10 (d) Such certificates or notes shall be payable in not more than ten years and shall be
262.11 issued on such terms and in such manner as the council may determine.

262.12 (e) If the amount of the certificates or notes to be issued to finance any such purchase
262.13 exceeds 0.25 percent of the estimated market value of taxable property in the city, they
262.14 shall not be issued for at least ten days after publication in the official newspaper of
262.15 a council resolution determining to issue them; and if before the end of that time, a
262.16 petition asking for an election on the proposition signed by voters equal to ten percent
262.17 of the number of voters at the last regular municipal election is filed with the clerk, such
262.18 certificates or notes shall not be issued until the proposition of their issuance has been
262.19 approved by a majority of the votes cast on the question at a regular or special election.

262.20 (f) A tax levy shall be made for the payment of the principal and interest on such
262.21 certificates or notes, in accordance with section 475.61, as in the case of bonds.

262.22 Sec. 67. Minnesota Statutes 2012, section 428A.02, subdivision 1, is amended to read:

262.23 Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance
262.24 establishing a special service district. Only property that is classified under section 273.13
262.25 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or
262.26 designated on a land use plan for commercial or industrial use and located in the special
262.27 service district, may be subject to the charges imposed by the city on the special service
262.28 district. Other types of property may be included within the boundaries of the special
262.29 service district but are not subject to the levies or charges imposed by the city on the
262.30 special service district. If 50 percent or more of the estimated market value of a parcel of
262.31 property is classified under section 273.13 as commercial, industrial, or vacant land zoned
262.32 or designated on a land use plan for commercial or industrial use, or public utility for the
262.33 current assessment year, then the entire taxable market value of the property is subject to a
262.34 service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.
262.35 The ordinance shall describe with particularity the area within the city to be included in

263.1 the district and the special services to be furnished in the district. The ordinance may not
263.2 be adopted until after a public hearing has been held on the question. Notice of the hearing
263.3 shall include the time and place of hearing, a map showing the boundaries of the proposed
263.4 district, and a statement that all persons owning property in the proposed district that
263.5 would be subject to a service charge will be given opportunity to be heard at the hearing.
263.6 Within 30 days after adoption of the ordinance under this subdivision, the governing body
263.7 shall send a copy of the ordinance to the commissioner of revenue.

263.8 Sec. 68. Minnesota Statutes 2012, section 430.102, subdivision 2, is amended to read:

263.9 Subd. 2. **Council approval; special tax levy limitation.** The council shall receive
263.10 and consider the estimate required in subdivision 1 and the items of cost after notice and
263.11 hearing before it or its appropriate committee as it considers necessary or expedient, and
263.12 shall approve the estimate, with necessary amendments. The amounts of each item of cost
263.13 estimated are then appropriated to operate, maintain, and improve the pedestrian mall
263.14 during the next fiscal year. The amount of the special tax to be charged under subdivision
263.15 1, clause (3), must not, however, exceed 0.12089 percent of estimated market value of
263.16 taxable property in the district. The council shall make any necessary adjustment in costs of
263.17 operating and maintaining the district to keep the amount of the tax within this limitation.

263.18 Sec. 69. Minnesota Statutes 2012, section 447.10, is amended to read:

263.19 **447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.**

263.20 The governing body of a city of the first class owning a hospital may annually levy
263.21 a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of
263.22 ~~taxable~~ estimated market value.

263.23 Sec. 70. Minnesota Statutes 2012, section 450.19, is amended to read:

263.24 **450.19 TOURIST CAMPING GROUNDS.**

263.25 A home rule charter or statutory city or town may establish and maintain public
263.26 tourist camping grounds. The governing body thereof may acquire by lease, purchase, or
263.27 gift, suitable lands located either within or without the corporate limits for use as public
263.28 tourist camping grounds and provide for the equipment, operation, and maintenance
263.29 of the same. The amount that may be expended for the maintenance, improvement, or
263.30 operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806
263.31 percent of ~~taxable~~ estimated market value.

263.32 Sec. 71. Minnesota Statutes 2012, section 450.25, is amended to read:

264.1 **450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX**
264.2 **LEVY.**

264.3 After the acquisition of any museum, gallery, or school of arts or crafts, the board
264.4 of park commissioners of the city in which it is located shall cause to be included in the
264.5 annual tax levy upon all the taxable property of the county in which the museum, gallery,
264.6 or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value.
264.7 The board shall certify the levy to the county auditor and it shall be added to, and collected
264.8 with and as part of, the general, real, and personal property taxes, with like penalties and
264.9 interest, in case of nonpayment and default, and all provisions of law in respect to the
264.10 levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in
264.11 respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be
264.12 paid to the city treasurer of the city in which is located the museum, gallery, or school
264.13 of arts or crafts and credited to a fund to be known as the park museum fund, and shall
264.14 be used only for the purposes specified in sections 450.23 to 450.25. Any part of the
264.15 proceeds of the levy not expended for the purposes specified in section 450.24 may be
264.16 used for the erection of new buildings for the same purposes.

264.17 Sec. 72. Minnesota Statutes 2012, section 458A.10, is amended to read:

264.18 **458A.10 PROPERTY TAX.**

264.19 The commission shall annually levy a tax not to exceed 0.12089 percent of estimated
264.20 market value on all the taxable property in the transit area at a rate sufficient to produce
264.21 an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the
264.22 payment of principal and interest due on any revenue bonds issued pursuant to section
264.23 458A.05. Property taxes levied under this section shall be certified by the commission to
264.24 the county auditors of the transit area, extended, assessed, and collected in the manner
264.25 provided by law for the property taxes levied by the governing bodies of cities. The
264.26 proceeds of the taxes levied under this section shall be remitted by the respective county
264.27 treasurers to the treasurer of the commission, who shall credit the same to the funds of
264.28 the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any
264.29 applicable pledges or limitations on account of tax anticipation certificates or other
264.30 specific purposes. At any time after making a tax levy under this section and certifying
264.31 it to the county auditors, the commission may issue general obligation certificates of
264.32 indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

264.33 Sec. 73. Minnesota Statutes 2012, section 458A.31, subdivision 1, is amended to read:

265.1 Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in
265.2 the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto,
265.3 limiting the amount levied in any one year for general or special purposes, the city council
265.4 of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253
265.5 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy
265.6 shall take effect immediately upon its passage and approval. The proceeds of the levy
265.7 shall be paid into the city treasury and deposited in the operating fund provided for in
265.8 section 458A.24, subdivision 3.

265.9 Sec. 74. Minnesota Statutes 2012, section 465.04, is amended to read:

265.10 **465.04 ACCEPTANCE OF GIFTS.**

265.11 Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated
265.12 market value of not more than \$41,000,000, ~~exclusive of money and credits~~, as officially
265.13 equalized by the commissioner of revenue, either under home rule charter or under the
265.14 laws of this state, in addition to all other powers possessed by them, hereby are authorized
265.15 and empowered to receive and accept gifts and donations for the use and benefit of
265.16 such cities and the inhabitants thereof upon terms and conditions to be approved by the
265.17 governing bodies of such cities; and such cities are authorized to comply with and perform
265.18 such terms and conditions, which may include payment to the donor or donors of interest
265.19 on the value of the gift at not exceeding five percent per annum payable annually or
265.20 semiannually, during the remainder of the natural life or lives of such donor or donors.

265.21 Sec. 75. Minnesota Statutes 2012, section 469.033, subdivision 6, is amended to read:

265.22 Subd. 6. **Operation area as taxing district, special tax.** All of the territory included
265.23 within the area of operation of any authority shall constitute a taxing district for the
265.24 purpose of levying and collecting special benefit taxes as provided in this subdivision. All
265.25 of the taxable property, both real and personal, within that taxing district shall be deemed
265.26 to be benefited by projects to the extent of the special taxes levied under this subdivision.
265.27 Subject to the consent by resolution of the governing body of the city in and for which
265.28 it was created, an authority may levy a tax upon all taxable property within that taxing
265.29 district. The tax shall be extended, spread, and included with and as a part of the general
265.30 taxes for state, county, and municipal purposes by the county auditor, to be collected and
265.31 enforced therewith, together with the penalty, interest, and costs. As the tax, including any
265.32 penalties, interest, and costs, is collected by the county treasurer it shall be accumulated
265.33 and kept in a separate fund to be known as the "housing and redevelopment project fund."
265.34 The money in the fund shall be turned over to the authority at the same time and in the same

266.1 manner that the tax collections for the city are turned over to the city, and shall be expended
266.2 only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers
266.3 signed by the chair of the authority or an authorized representative. The amount of the
266.4 levy shall be an amount approved by the governing body of the city, but shall not exceed
266.5 0.0185 percent of ~~taxable~~ estimated market value. The authority shall each year formulate
266.6 and file a budget in accordance with the budget procedure of the city in the same manner as
266.7 required of executive departments of the city or, if no budgets are required to be filed, by
266.8 August 1. The amount of the tax levy for the following year shall be based on that budget.

266.9 Sec. 76. Minnesota Statutes 2012, section 469.034, subdivision 2, is amended to read:

266.10 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the
266.11 general obligation of the general jurisdiction governmental unit as additional security for
266.12 bonds payable from income or revenues of the project or the authority. The authority
266.13 must find that the pledged revenues will equal or exceed 110 percent of the principal and
266.14 interest due on the bonds for each year. The proceeds of the bonds must be used for a
266.15 qualified housing development project or projects. The obligations must be issued and
266.16 sold in the manner and following the procedures provided by chapter 475, except the
266.17 obligations are not subject to approval by the electors, and the maturities may extend to
266.18 not more than 35 years for obligations sold to finance housing for the elderly and 40 years
266.19 for other obligations issued under this subdivision. The authority is the municipality for
266.20 purposes of chapter 475.

266.21 (b) The principal amount of the issue must be approved by the governing body of
266.22 the general jurisdiction governmental unit whose general obligation is pledged. Public
266.23 hearings must be held on issuance of the obligations by both the authority and the general
266.24 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more
266.25 than 120 days, before the sale of the obligations.

266.26 (c) The maximum amount of general obligation bonds that may be issued and
266.27 outstanding under this section equals the greater of (1) one-half of one percent of the
266.28 ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose
266.29 general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty
266.30 general obligation bonds, the outstanding general obligation bonds of all cities in the
266.31 county or counties issued under this subdivision must be added in calculating the limit
266.32 under clause (1).

266.33 (d) "General jurisdiction governmental unit" means the city in which the housing
266.34 development project is located. In the case of a county or multicounty authority, the
266.35 county or counties may act as the general jurisdiction governmental unit. In the case of

267.1 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the
267.2 taxable property in each of the counties.

267.3 (e) "Qualified housing development project" means a housing development project
267.4 providing housing either for the elderly or for individuals and families with incomes not
267.5 greater than 80 percent of the median family income as estimated by the United States
267.6 Department of Housing and Urban Development for the standard metropolitan statistical
267.7 area or the nonmetropolitan county in which the project is located. The project must be
267.8 owned for the term of the bonds either by the authority or by a limited partnership or other
267.9 entity in which the authority or another entity under the sole control of the authority is
267.10 the sole general partner and the partnership or other entity must receive (1) an allocation
267.11 from the Department of Management and Budget or an entitlement issuer of tax-exempt
267.12 bonding authority for the project and a preliminary determination by the Minnesota
267.13 Housing Finance Agency or the applicable suballocator of tax credits that the project
267.14 will qualify for four percent low-income housing tax credits or (2) a reservation of nine
267.15 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a
267.16 suballocator of tax credits for the project. A qualified housing development project may
267.17 admit nonelderly individuals and families with higher incomes if:

267.18 (1) three years have passed since initial occupancy;

267.19 (2) the authority finds the project is experiencing unanticipated vacancies resulting in
267.20 insufficient revenues, because of changes in population or other unforeseen circumstances
267.21 that occurred after the initial finding of adequate revenues; and

267.22 (3) the authority finds a tax levy or payment from general assets of the general
267.23 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher
267.24 income individuals or families are not admitted.

267.25 (f) The authority may issue bonds to refund bonds issued under this subdivision in
267.26 accordance with section 475.67. The finding of the adequacy of pledged revenues required
267.27 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the
267.28 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and
267.29 after July 1, 1992.

267.30 Sec. 77. Minnesota Statutes 2012, section 469.053, subdivision 4, is amended to read:

267.31 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy
267.32 a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813
267.33 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city
267.34 treasurer to the treasurer of the port authority, to be spent by the authority.

268.1 Sec. 78. Minnesota Statutes 2012, section 469.053, subdivision 4a, is amended to read:

268.2 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall
268.3 replace the mandatory city levy under subdivision 4. A seaway port authority is a special
268.4 taxing district under section 275.066 and may levy a tax in any year for the benefit of the
268.5 seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated
268.6 market value. The county auditor shall distribute the proceeds of the property tax levy to
268.7 the seaway port authority.

268.8 Sec. 79. Minnesota Statutes 2012, section 469.053, subdivision 6, is amended to read:

268.9 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port
268.10 authority's city may levy a tax to be spent by and for its port authority. The tax must
268.11 enable the port authority to carry out efficiently and in the public interest sections 469.048
268.12 to 469.068 to create and develop industrial development districts. The levy must not be
268.13 more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall
268.14 pay the proceeds of the tax to the port authority treasurer. The money may be spent by
268.15 the authority in performance of its duties to create and develop industrial development
268.16 districts. In spending the money the authority must judge what best serves the public
268.17 interest. The levy in this subdivision is in addition to the levy in subdivision 4.

268.18 Sec. 80. Minnesota Statutes 2012, section 469.107, subdivision 1, is amended to read:

268.19 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in
268.20 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of
268.21 ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to
268.22 the treasurer of the authority, to be spent by the authority.

268.23 Sec. 81. Minnesota Statutes 2012, section 469.180, subdivision 2, is amended to read:

268.24 Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may
268.25 appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080
268.26 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

268.27 Sec. 82. Minnesota Statutes 2012, section 469.187, is amended to read:

268.28 **469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY**
268.29 **BOARD.**

268.30 Any city of the first class may expend money for city publicity purposes. The city may
268.31 levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The proceeds
268.32 of the levy shall be expended in the manner and for the city publicity purposes the council

269.1 directs. The council may establish and provide for a publicity board or bureau to administer
269.2 the fund, subject to the conditions and limitations the council prescribes by ordinance.

269.3 Sec. 83. Minnesota Statutes 2012, section 469.206, is amended to read:

269.4 **469.206 HAZARDOUS PROPERTY PENALTY.**

269.5 A city may assess a penalty up to one percent of the estimated market value of
269.6 real property, including any building located within the city that the city determines to
269.7 be hazardous as defined in section 463.15, subdivision 3. The city shall send a written
269.8 notice to the address to which the property tax statement is sent at least 90 days before it
269.9 may assess the penalty. If the owner of the property has not paid the penalty or fixed the
269.10 property within 90 days after receiving notice of the penalty, the penalty is considered
269.11 delinquent and is increased by 25 percent each 60 days the penalty is not paid and the
269.12 property remains hazardous. For the purposes of this section, a penalty that is delinquent
269.13 is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the
269.14 same manner as delinquent property taxes.

269.15 Sec. 84. Minnesota Statutes 2012, section 471.24, is amended to read:

269.16 **471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF**
269.17 **CEMETERY.**

269.18 Where a statutory city or town owns and maintains an established cemetery or burial
269.19 ground, either within or without the municipal limits, the statutory city or town may, by
269.20 mutual agreement with contiguous statutory cities and towns, each having a an estimated
269.21 market value of not less than \$2,000,000, join together in the maintenance of such public
269.22 cemetery or burial ground for the use of the inhabitants of each of such municipalities; and
269.23 each such municipality is hereby authorized, by action of its council or governing body,
269.24 to levy a tax or make an appropriation for the annual support and maintenance of such
269.25 cemetery or burial ground; provided, the amount thus appropriated by each municipality
269.26 shall not exceed a total of \$10,000 in any one year.

269.27 Sec. 85. Minnesota Statutes 2012, section 471.571, subdivision 1, is amended to read:

269.28 Subdivision 1. **Application.** This section applies to each city in which the net tax
269.29 capacity of real and personal property consists in part of iron ore or lands containing
269.30 taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real
269.31 and personal property exceeds \$2,500,000.

269.32 Sec. 86. Minnesota Statutes 2012, section 471.571, subdivision 2, is amended to read:

Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a permanent improvement and replacement fund to be maintained by an annual tax levy. The governing body may levy a tax in excess of any charter limitation for the support of the permanent improvement and replacement fund, but not exceeding the following:

(a) in cities having a population of not more than 500 inhabitants, the lesser of \$20 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

(b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~ estimated market value;

(c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants, the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~ estimated market value.

Sec. 87. Minnesota Statutes 2012, section 471.73, is amended to read:

471.73 ACCEPTANCE OF PROVISIONS.

In the case of any city within the class specified in section 471.72 having a an estimated market value, ~~as defined in section 471.72~~, in excess of \$37,000,000; and in the case of any statutory city within such class having a an estimated market value, ~~as defined in section 471.72~~, of less than \$5,000,000; and in the case of any statutory city within such class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in the case of any statutory city within such class which is governed by Laws 1929, chapter 208, and has a an estimated market value of less than \$83,000,000; and in the case of any school district within such class having a an estimated market value, ~~as defined in section 471.72~~, of more than \$54,000,000; and in the case of all towns within said class; sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the board of the school district, or the town board of the town shall have adopted a resolution determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go upon a cash basis in accordance with the provisions thereof.

Sec. 88. Minnesota Statutes 2012, section 473.325, subdivision 2, is amended to read:

Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and issue the bonds in the manner provided in chapter 475, and shall have the same powers and duties as a municipality issuing bonds under that law, except that the approval of a majority of the electors shall not be required and the net debt limitations shall not apply. The terms of each series of bonds shall be fixed so that the amount of principal and interest on all outstanding and undischarged bonds, together with the bonds proposed to be issued,

271.1 due in any year shall not exceed 0.01209 percent of estimated market value of all taxable
271.2 property in the metropolitan area as last finally equalized prior to a proposed issue. The
271.3 bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes
271.4 required for their payment shall be levied by the council, shall not affect the amount or rate
271.5 of taxes which may be levied by the council for other purposes, shall be spread against all
271.6 taxable property in the metropolitan area and shall not be subject to limitation as to rate or
271.7 amount. Any taxes certified by the council to the county auditors for collection shall be
271.8 reduced by the amount received by the council from the commissioner of management and
271.9 budget or the federal government for the purpose of paying the principal and interest on
271.10 bonds to which the levy relates. The council shall certify the fact and amount of all money
271.11 so received to the county auditors, and the auditors shall reduce the levies previously made
271.12 for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

271.13 Sec. 89. Minnesota Statutes 2012, section 473.629, is amended to read:

271.14 **473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL**
271.15 **DISTRICTS.**

271.16 As to any lands ~~to be detached from any school district under the provisions hereof~~
271.17 section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market
271.18 value of such the detached lands and the net tax capacity of taxable properties now located
271.19 ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute
271.20 ~~from and after the date of the enactment hereof~~ a part of the estimated market value of
271.21 properties ~~upon the basis of which such~~ used to calculate the net debt limit of the school
271.22 ~~district may issue its bonds~~. The value of ~~such the~~ lands for ~~such purpose to be and other~~
271.23 taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of
271.24 the estimated market value thereof as determined and certified by said the assessor to ~~said~~
271.25 the school district, and it shall be the duty of such the assessor annually on or before the
271.26 tenth day of October ~~from and after the passage hereof, to so~~ of each year, shall determine
271.27 and certify that value; provided, however, that the value of ~~such the~~ detached lands and
271.28 ~~such~~ taxable properties shall never exceed 20 percent of the estimated market value of
271.29 all properties ~~constituting and making up the basis aforesaid~~ used to calculate the net
271.30 debt limit of the school district.

271.31 Sec. 90. Minnesota Statutes 2012, section 473.661, subdivision 3, is amended to read:

271.32 Subd. 3. **Levy limit.** In any budget certified by the commissioners under this section,
271.33 the amount included for operation and maintenance shall not exceed an amount which,
271.34 when extended against the property taxable therefor under section 473.621, subdivision 5,

272.1 will require a levy at a rate of 0.00806 percent of estimated market value. Taxes levied by
272.2 the corporation shall not affect the amount or rate of taxes which may be levied by any other
272.3 local government unit within the metropolitan area under the provisions of any charter.

272.4 Sec. 91. Minnesota Statutes 2012, section 473.667, subdivision 9, is amended to read:

272.5 Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from
272.6 levying a tax not to exceed 0.00121 percent of estimated market value on taxable property
272.7 within its taxing jurisdiction, in addition to any levies found necessary for the debt
272.8 service fund authorized by section 473.671. Nothing herein shall prevent the levy and
272.9 appropriation for purposes of the commission of any other tax on property or on any
272.10 income, transaction, or privilege, when and if authorized by law. All collections of any
272.11 taxes so levied shall be included in the revenues appropriated for the purposes referred
272.12 to in this section, unless otherwise provided in the law authorizing the levies; but no
272.13 covenant as to the continuance or as to the rate and amount of any such levy shall be made
272.14 with the holders of the commission's bonds unless specifically authorized by law.

272.15 Sec. 92. Minnesota Statutes 2012, section 473.671, is amended to read:

272.16 **473.671 LIMIT OF TAX LEVY.**

272.17 The taxes levied against the property of the metropolitan area in any one year shall
272.18 not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied
272.19 to pay the principal or interest on any bonds or indebtedness of the city issued under
272.20 Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for
272.21 payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter
272.22 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the
272.23 maximum rate allowed to be levied to defray the cost of government under the provisions
272.24 of the charter of any city affected by Laws 1943, chapter 500.

272.25 Sec. 93. Minnesota Statutes 2012, section 473.711, subdivision 2a, is amended to read:

272.26 Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in the
272.27 district as defined in section 473.702 to provide funds for the purposes of sections 473.701
272.28 to 473.716. The tax shall not exceed the property tax levy limitation determined in this
272.29 subdivision. A participating county may agree to levy an additional tax to be used by the
272.30 commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and
272.31 commission's taxes may not exceed the county's proportionate share of the property tax levy
272.32 limitation determined under this subdivision based on the ratio of its total net tax capacity
272.33 to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision

3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (Simuliidae) control except under this section. The levy shall be in addition to other taxes authorized by law.

(b) The property tax levied by the Metropolitan Mosquito Control Commission shall not exceed the product of (i) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total estimated market valuation value of all taxable property for the current tax payable year located within the district plus any area that has been added to the district since the previous year, divided by the total estimated market valuation value of all taxable property located within the district for the previous taxes payable year.

~~(c) For the purpose of determining the commission's property tax levy limitation under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).~~

Sec. 94. Minnesota Statutes 2012, section 473F.02, subdivision 12, is amended to read:

Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal property within a municipality means the assessor's estimated taxable market value, as defined in section 272.03, of all real and personal property, including the value of manufactured housing, within the municipality, adjusted for sales ratios in a manner similar to the adjustments made to city and town net tax capacities. ~~For purposes of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same manner and at the same times as are prescribed by the subdivisions. The commissioner of revenue shall annually determine, for each municipality, information comparable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the equalized market value of property within each municipality using the aggregate sales ratios from the Department of Revenue's sales ratio study.~~

Sec. 95. Minnesota Statutes 2012, section 473F.02, subdivision 14, is amended to read:

274.1 Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
274.2 adjusted market value, determined as of January 2 of any year, divided by its population,
274.3 determined as of a date in the same year.

274.4 Sec. 96. Minnesota Statutes 2012, section 473F.02, subdivision 15, is amended to read:

274.5 Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
274.6 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
274.7 as of January 2 of any year, divided by the sum of their populations, determined as of
274.8 a date in the same year.

274.9 Sec. 97. Minnesota Statutes 2012, section 473F.02, subdivision 23, is amended to read:

274.10 Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of
274.11 real and personal property multiplied by its net tax capacity rates in section 273.13.

274.12 Sec. 98. Minnesota Statutes 2012, section 473F.08, subdivision 10, is amended to read:

274.13 Subd. 10. **Adjustment of value or net tax capacity.** For the purpose of computing
274.14 ~~the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any~~
274.15 ~~provision of any law or charter, where such authorization, requirement, or limitation~~
274.16 ~~is related in any manner to any value or valuation of taxable property within any~~
274.17 ~~governmental unit, such value or net tax capacity~~ fiscal capacity under section 473F.02,
274.18 subdivision 14, a municipality's taxable market value shall be adjusted to reflect the
274.19 adjustments reductions to net tax capacity effected by subdivision 2, clause (a), provided
274.20 ~~that: (1) in determining the taxable market value of commercial-industrial property~~
274.21 ~~or any class thereof within a governmental unit for any purpose other than section~~
274.22 ~~473F.07~~ municipality, (a) the reduction required by this subdivision shall be that amount
274.23 which bears the same proportion to the amount subtracted from the governmental unit's
274.24 municipality's net tax capacity pursuant to subdivision 2, clause (a), as the taxable
274.25 market value of commercial-industrial property, or such class thereof, located within the
274.26 governmental unit municipality bears to the net tax capacity of commercial-industrial
274.27 property, or such class thereof, located within the governmental unit, and (b) the increase
274.28 required by this subdivision shall be that amount which bears the same proportion to
274.29 the amount added to the governmental unit's net tax capacity pursuant to subdivision 2,
274.30 clause (b), as the market value of commercial-industrial property, or such class thereof,
274.31 located within the governmental unit bears to the net tax capacity of commercial-industrial
274.32 property, or such class thereof, located within the governmental unit; and (2) in determining
274.33 the market value of real property within a municipality for purposes of section 473F.07,

275.1 ~~the adjustment prescribed by clause (1)(a) hereof shall be made and that prescribed by~~
275.2 ~~clause (1)(b) hereof shall not be made~~ municipality. No adjustment shall be made to
275.3 taxable market value for the increase in net tax capacity under subdivision 2, clause (b).

275.4 Sec. 99. Minnesota Statutes 2012, section 475.521, subdivision 4, is amended to read:

275.5 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this
275.6 section if the maximum amount of principal and interest to become due in any year on
275.7 all the outstanding bonds issued under this section, including the bonds to be issued,
275.8 will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property
275.9 in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated
275.10 market value for the taxes payable year in which the obligations are issued and sold. In
275.11 the case of a municipality with a population of 2,500 or more, the bonds are subject to
275.12 the net debt limits under section 475.53. In the case of a shared facility in which more
275.13 than one municipality participates, upon compliance by each participating municipality
275.14 with the requirements of subdivision 2, the limitations in this subdivision and the net debt
275.15 represented by the bonds shall be allocated to each participating municipality in proportion
275.16 to its required financial contribution to the financing of the shared facility, as set forth in
275.17 the joint powers agreement relating to the shared facility. This section does not limit the
275.18 authority to issue bonds under any other special or general law.

275.19 Sec. 100. Minnesota Statutes 2012, section 475.53, subdivision 1, is amended to read:

275.20 Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to
275.21 475.74, no municipality, except a school district or a city of the first class, shall incur or be
275.22 subject to a net debt in excess of three percent of the estimated market value of taxable
275.23 property in the municipality.

275.24 Sec. 101. Minnesota Statutes 2012, section 475.53, subdivision 3, is amended to read:

275.25 Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of
275.26 the first class may not incur a net debt in excess of two percent of the estimated market
275.27 value of all taxable property therein. If the charter of the city permits a net debt of the city
275.28 in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3
275.29 percent of the estimated market value of the taxable property therein.

275.30 The county auditor, at the time of preparing the tax list of the city, shall compile a
275.31 statement setting forth the total net tax capacity and the total estimated market value of
275.32 each class of taxable property in such city for such year.

276.1 Sec. 102. Minnesota Statutes 2012, section 475.53, subdivision 4, is amended to read:

276.2 Subd. 4. **School districts.** Except as otherwise provided by law, no school district
276.3 shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value of
276.4 all taxable property situated within its corporate limits, as computed in accordance with this
276.5 subdivision. The county auditor of each county containing taxable real or personal property
276.6 situated within any school district shall certify to the district upon request the estimated
276.7 market value of all such property. Whenever the commissioner of revenue, in accordance
276.8 with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax capacity of any~~
276.9 ~~district furnished by county auditors is not based upon the~~ adjusted market value of taxable
276.10 property in the district exceeds the estimated market value of property within the district,
276.11 the commissioner of revenue shall certify to the district upon request the ratio most recently
276.12 ascertained to exist between ~~such~~ the estimated market value and the actual adjusted
276.13 market value of property within the district, ~~and the actual market value of property~~
276.14 ~~within a district, on which its debt limit under this subdivision is~~ will be based, ~~is (a) the~~
276.15 ~~value certified by the county auditors, or (b) this on the estimated market value divided by~~
276.16 ~~the ratio certified by the commissioner of revenue, whichever results in a higher value.~~

276.17 Sec. 103. Minnesota Statutes 2012, section 475.58, subdivision 2, is amended to read:

276.18 Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose
276.19 outstanding gross debt, including all items referred to in section 475.51, subdivision
276.20 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under
276.21 this subdivision for the purpose of funding or refunding such indebtedness or any part
276.22 thereof. A list of the items of indebtedness to be funded or refunded shall be made by the
276.23 recording officer and treasurer and filed in the office of the recording officer. The initial
276.24 resolution of the governing body shall refer to this subdivision as authority for the issue,
276.25 state the amount of bonds to be issued and refer to the list of indebtedness to be funded or
276.26 refunded. This resolution shall be published once each week for two successive weeks
276.27 in a legal newspaper published in the municipality or if there be no such newspaper, in
276.28 a legal newspaper published in the county seat. Such bonds may be issued without the
276.29 submission of the question of their issue to the electors unless within ten days after the
276.30 second publication of the resolution a petition requesting such election signed by ten or
276.31 more voters who are taxpayers of the municipality, shall be filed with the recording officer.
276.32 In event such petition is filed, no bonds shall be issued hereunder unless authorized by a
276.33 majority of the electors voting on the question.

276.34 Sec. 104. Minnesota Statutes 2012, section 475.73, subdivision 1, is amended to read:

277.1 Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the
277.2 provisions of section 475.60 may be purchased by the State Board of Investment if the
277.3 obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of
277.4 the attorney general as to form and execution of the application therefor, and under rules
277.5 as the board may specify, and the state board shall have authority to purchase the same
277.6 to an amount not exceeding 3.63 percent of the estimated market value of the taxable
277.7 property of the municipality, according to the last preceding assessment. The obligations
277.8 shall not run for a shorter period than one year, nor for a longer period than 30 years and
277.9 shall bear interest at a rate to be fixed by the state board but not less than two percent per
277.10 annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by
277.11 virtue thereof, the commissioner of management and budget shall certify to the respective
277.12 auditors of the various counties wherein are situated the municipalities issuing the same,
277.13 the number, denomination, amount, rate of interest and date of maturity of each obligation.

277.14 Sec. 105. Minnesota Statutes 2012, section 477A.011, subdivision 20, is amended to
277.15 read:

277.16 Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax~~
277.17 ~~capacity computed using the net tax capacity rates in section 273.13 for taxes payable~~
277.18 ~~in the year of the aid distribution, and the market values, after the exclusion in section~~
277.19 ~~273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)~~
277.20 ~~a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,~~
277.21 ~~paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~
277.22 ~~to that for which aids are being calculated. The market value utilized in computing city~~
277.23 ~~net tax capacity shall be reduced by the sum of (1) a city's market value of commercial~~
277.24 ~~industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,~~
277.25 ~~multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph~~
277.26 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~
277.27 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~
277.28 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~
277.29 ~~section 273.425. The city net tax capacity will be computed using equalized market values~~
277.30 the city's adjusted net tax capacity under section 273.1325.

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

277.32 Sec. 106. Minnesota Statutes 2012, section 477A.011, subdivision 32, is amended to
277.33 read:

278.1 Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage"
278.2 for a city is 100 times the sum of the estimated market values of all real property in the
278.3 city classified as class 3 under section 273.13, subdivision 24, excluding public utility
278.4 property, to the total estimated market value of all taxable real and personal property in
278.5 the city. The estimated market values are the amounts computed before any adjustments
278.6 for fiscal disparities under section 276A.06 or 473F.08. The estimated market values
278.7 used for this subdivision are not equalized.

278.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2014 and thereafter.

278.9 Sec. 107. Minnesota Statutes 2012, section 477A.0124, subdivision 2, is amended to
278.10 read:

278.11 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms
278.12 have the meanings given them.

278.13 (b) "County program aid" means the sum of "county need aid," "county tax base
278.14 equalization aid," and "county transition aid."

278.15 (c) "Age-adjusted population" means a county's population multiplied by the county
278.16 age index.

278.17 (d) "County age index" means the percentage of the population over age 65 within
278.18 the county divided by the percentage of the population over age 65 within the state, except
278.19 that the age index for any county may not be greater than 1.8 nor less than 0.8.

278.20 (e) "Population over age 65" means the population over age 65 established as of
278.21 July 15 in an aid calculation year by the most recent federal census, by a special census
278.22 conducted under contract with the United States Bureau of the Census, by a population
278.23 estimate made by the Metropolitan Council, or by a population estimate of the state
278.24 demographer made pursuant to section 4A.02, whichever is the most recent as to the stated
278.25 date of the count or estimate for the preceding calendar year and which has been certified
278.26 to the commissioner of revenue on or before July 15 of the aid calculation year. A revision
278.27 to an estimate or count is effective for these purposes only if certified to the commissioner
278.28 on or before July 15 of the aid calculation year. Clerical errors in the certification or use of
278.29 estimates and counts established as of July 15 in the aid calculation year are subject to
278.30 correction within the time periods allowed under section 477A.014.

278.31 (f) "Part I crimes" means the three-year average annual number of Part I crimes
278.32 reported for each county by the Department of Public Safety for the most recent years
278.33 available. By July 1 of each year, the commissioner of public safety shall certify to the
278.34 commissioner of revenue the number of Part I crimes reported for each county for the
278.35 three most recent calendar years available.

(g) "Households receiving food stamps" means the average monthly number of households receiving food stamps for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive food stamps, for the three most recent calendar years available.

(h) "County net tax capacity" means the ~~net tax capacity of the county, computed analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's adjusted net tax capacity under section 273.1325.

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

Sec. 108. Minnesota Statutes 2012, section 641.23, is amended to read:

641.23 FUNDS; HOW PROVIDED.

Before any contract is made for the erection of a county jail, sheriff's residence, or both, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor in accordance with the provisions of chapter 475, provided that no election is required if the amount of all bonds issued for this purpose and interest on them which are due and payable in any year does not exceed an amount equal to 0.09671 percent of estimated market value of taxable property within the county, as last determined before the bonds are issued.

Sec. 109. Minnesota Statutes 2012, section 641.24, is amended to read:

641.24 LEASING.

The county may, by resolution of the county board, enter into a lease agreement with any statutory or home rule charter city situated within the county, or a county housing and redevelopment authority established pursuant to chapter 469 or any special law whereby the city or county housing and redevelopment authority will construct a jail or other law enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the sheriff and other law enforcement agencies, in accordance with plans prepared by or at the request of the county board and, when required, approved by the commissioner of corrections and will finance it by the issuance of revenue bonds, and the county may lease the site and improvements for a term and upon rentals sufficient to produce revenue for the prompt payment of the bonds and all interest accruing thereon and, upon completion of payment, will acquire title thereto. The real and personal property acquired for the jail shall constitute a project and the lease agreement shall constitute a revenue agreement as contemplated in chapter 469, and all proceedings shall be taken by the city or county

280.1 housing and redevelopment authority and the county in the manner and with the force and
280.2 effect provided in chapter 469; provided that:

280.3 (1) no tax shall be imposed upon or in lieu of a tax upon the property;

280.4 (2) the approval of the project by the commissioner of commerce shall not be required;

280.5 (3) the Department of Corrections shall be furnished and shall record such
280.6 information concerning each project as it may prescribe;

280.7 (4) the rentals required to be paid under the lease agreement shall not exceed in any
280.8 year one-tenth of one percent of the estimated market value of property within the county,
280.9 as last finally equalized before the execution of the agreement;

280.10 (5) the county board shall provide for the payment of all rentals due during the term
280.11 of the lease, in the manner required in section 641.264, subdivision 2;

280.12 (6) no mortgage on the property shall be granted for the security of the bonds, but
280.13 compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the
280.14 county board; and

280.15 (7) the county board may sublease any part of the jail property for purposes consistent
280.16 with the maintenance and operation of a county jail or other law enforcement facility.

280.17 Sec. 110. Minnesota Statutes 2012, section 645.44, is amended by adding a subdivision
280.18 to read:

280.19 Subd. 20. **Estimated market value.** When used in determining or calculating a
280.20 limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or
280.21 capital note issuance by or for a local government unit, "estimated market value" has the
280.22 meaning given in section 273.032.

280.23 Sec. 111. **REVISOR'S INSTRUCTION.**

280.24 The revisor of statutes shall recodify Minnesota Statutes, section 127.48,
280.25 subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all
280.26 cross-references to the affected subdivisions accordingly.

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

280.28 Sec. 112. **REPEALER.**

280.29 Minnesota Statutes 2012, sections 276A.01, subdivision 11; 473F.02, subdivision
280.30 13; and 477A.011, subdivision 21, are repealed.

280.31 Sec. 113. **EFFECTIVE DATE.**

281.1 Unless otherwise specifically provided, this article is effective the day following
281.2 final enactment for purposes of limits on net debt, the issuance of bonds, certificates of
281.3 indebtedness, and capital notes and is effective beginning for taxes payable in 2014 for
281.4 all other purposes.

281.5 **ARTICLE 15**

281.6 **DEPARTMENT OF REVENUE INCOME AND FRANCHISE**
281.7 **TAXES; ESTATE TAXES**

281.8 Section 1. Minnesota Statutes 2012, section 289A.10, is amended by adding a
281.9 subdivision to read:

281.10 Subd. 1a. **Recapture tax return required.** If a disposition or cessation as provided
281.11 by section 291.03, subdivision 11, paragraph (a), has occurred, the qualified heir, as
281.12 defined under section 291.03, subdivision 8, paragraph (c), or personal representative of
281.13 the decedent's estate must submit a recapture tax return to the commissioner.

281.14 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
281.15 June 30, 2011.

281.16 Sec. 2. Minnesota Statutes 2012, section 289A.12, subdivision 14, is amended to read:

281.17 Subd. 14. **Regulated investment companies; reporting exempt-interest**
281.18 **dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest
281.19 dividends to an individual who is a resident of Minnesota must make a return indicating
281.20 the amount of the exempt-interest dividends, the name, address, and Social Security
281.21 number of the recipient, and any other information that the commissioner specifies. The
281.22 return must be provided to the shareholder by February 15 of the year following the year
281.23 of the payment. The return provided to the shareholder must include a clear statement,
281.24 in the form prescribed by the commissioner, that the exempt-interest dividends must be
281.25 included in the computation of Minnesota taxable income. By June 1 of each year, the
281.26 regulated investment company must file a copy of the return with the commissioner.

281.27 ~~(b) This subdivision applies to regulated investment companies required to register~~
281.28 ~~under chapter 80A.~~

281.29 ~~(e)~~ (b) For purposes of this subdivision, the following definitions apply.

281.30 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in
281.31 section 852(b)(5) of the Internal Revenue Code, but does not include the portion of
281.32 exempt-interest dividends that are not required to be added to federal taxable income
281.33 under section 290.01, subdivision 19a, clause (1)(ii).

282.1 (2) "Regulated investment company" means regulated investment company as
282.2 defined in section 851(a) of the Internal Revenue Code or a fund of the regulated
282.3 investment company as defined in section 851(g) of the Internal Revenue Code.

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

282.5 Sec. 3. Minnesota Statutes 2012, section 289A.12, is amended by adding a subdivision
282.6 to read:

282.7 Subd. 18. **Returns by qualified heirs.** A qualified heir, as defined in section 291.03,
282.8 subdivision 8, paragraph (c), must file two returns with the commissioner attesting that
282.9 no disposition or cessation as provided by section 291.03, subdivision 11, paragraph
282.10 (a), occurred. The first return must be filed no earlier than 24 months and no later than
282.11 26 months after the decedent's death. The second return must be filed no earlier than 36
282.12 months and no later than 39 months after the decedent's death.

282.13 **EFFECTIVE DATE.** This section is effective for returns required to be filed after
282.14 December 31, 2013.

282.15 Sec. 4. Minnesota Statutes 2012, section 289A.18, is amended by adding a subdivision
282.16 to read:

282.17 Subd. 3a. **Recapture tax return.** A recapture tax return must be filed with the
282.18 commissioner within six months after the date of the disposition or cessation as provided
282.19 by section 291.03, subdivision 11, paragraph (a).

282.20 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
282.21 June 30, 2011.

282.22 Sec. 5. Minnesota Statutes 2012, section 289A.20, subdivision 3, is amended to read:

282.23 Subd. 3. **Estate tax.** Taxes imposed by ~~chapter 291~~ section 291.03, subdivision 1,
282.24 take effect at and upon the death of the person whose estate is subject to taxation and are
282.25 due and payable on or before the expiration of nine months from that death.

282.26 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
282.27 June 30, 2011.

282.28 Sec. 6. Minnesota Statutes 2012, section 289A.20, is amended by adding a subdivision
282.29 to read:

283.1 Subd. 3a. **Recapture tax.** The additional estate tax imposed by section 291.03,
283.2 subdivision 11, paragraph (b), is due and payable on or before the expiration of the date
283.3 provided by section 291.03, subdivision 11, paragraph (c).

283.4 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
283.5 June 30, 2011.

283.6 Sec. 7. Minnesota Statutes 2012, section 289A.26, subdivision 3, is amended to read:

283.7 Subd. 3. **Short taxable year.** (a) A corporation or an entity with a short taxable year
283.8 of less than 12 months, but at least four months, must pay estimated tax in equal installments
283.9 on or before the 15th day of the third, sixth, ninth, and final month of the short taxable
283.10 year, to the extent applicable based on the number of months in the short taxable year.

283.11 (b) A corporation or an entity is not required to make estimated tax payments for a
283.12 short taxable year unless its tax liability before the first day of the last month of the taxable
283.13 year can reasonably be expected to exceed \$500.

283.14 (c) No payment is required for a short taxable year of less than four months.

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

283.16 Sec. 8. Minnesota Statutes 2012, section 289A.26, subdivision 4, is amended to read:

283.17 Subd. 4. **Underpayment of estimated tax.** If there is an underpayment of estimated
283.18 tax by a corporation or an entity, there shall be added to the tax for the taxable year an
283.19 amount determined at the rate in section 270C.40 on the amount of the underpayment,
283.20 determined under subdivision 5, for the period of the underpayment determined under
283.21 subdivision 6. This subdivision does not apply in the first taxable year that a corporation is
283.22 subject to the tax imposed under section 290.02 or an entity is subject to the tax imposed
283.23 under section 290.05, subdivision 3.

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

283.25 Sec. 9. Minnesota Statutes 2012, section 289A.26, subdivision 7, is amended to read:

283.26 Subd. 7. **Required installments.** (a) Except as otherwise provided in this
283.27 subdivision, the amount of a required installment is 25 percent of the required annual
283.28 payment.

283.29 (b) Except as otherwise provided in this subdivision, the term "required annual
283.30 payment" means the lesser of:

283.31 (1) 100 percent of the tax shown on the return for the taxable year, or, if no return is
283.32 filed, 100 percent of the tax for that year; or

(2) 100 percent of the tax shown on the return of the corporation or entity for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the corporation or entity.

(c) Except for determining the first required installment for any taxable year, paragraph (b), clause (2), does not apply in the case of a large corporation. The term "large corporation" means a corporation or any predecessor corporation that had taxable net income of \$1,000,000 or more for any taxable year during the testing period. The term "testing period" means the three taxable years immediately preceding the taxable year involved. A reduction allowed to a large corporation for the first installment that is allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next required installment by the amount of the reduction.

(d) In the case of a required installment, if the corporation or entity establishes that the annualized income installment is less than the amount determined in paragraph (a), the amount of the required installment is the annualized income installment and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

(e) The "annualized income installment" is the excess, if any, of:

(1) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income:

(i) for the first two months of the taxable year, in the case of the first required installment;

(ii) for the first two months or for the first five months of the taxable year, in the case of the second required installment;

(iii) for the first six months or for the first eight months of the taxable year, in the case of the third required installment; and

(iv) for the first nine months or for the first 11 months of the taxable year, in the case of the fourth required installment, over

(2) the aggregate amount of any prior required installments for the taxable year.

(3) For the purpose of this paragraph, the annualized income shall be computed by placing on an annualized basis the taxable income for the year up to the end of the month preceding the due date for the quarterly payment multiplied by 12 and dividing the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as the case may be) referred to in clause (1).

(4) The "applicable percentage" used in clause (1) is:

285.1	For the following	
285.2	required	The applicable
285.3	installments:	percentage is:
285.4	1st	25
285.5	2nd	50
285.6	3rd	75
285.7	4th	100

285.8 (f)(1) If this paragraph applies, the amount determined for any installment must
 285.9 be determined in the following manner:

285.10 (i) take the taxable income for the months during the taxable year preceding the
 285.11 filing month;

285.12 (ii) divide that amount by the base period percentage for the months during the
 285.13 taxable year preceding the filing month;

285.14 (iii) determine the tax on the amount determined under item (ii); and

285.15 (iv) multiply the tax computed under item (iii) by the base period percentage for the
 285.16 filing month and the months during the taxable year preceding the filing month.

285.17 (2) For purposes of this paragraph:

285.18 (i) the "base period percentage" for a period of months is the average percent that the
 285.19 taxable income for the corresponding months in each of the three preceding taxable years
 285.20 bears to the taxable income for the three preceding taxable years;

285.21 (ii) the term "filing month" means the month in which the installment is required
 285.22 to be paid;

285.23 (iii) this paragraph only applies if the base period percentage for any six consecutive
 285.24 months of the taxable year equals or exceeds 70 percent; and

285.25 (iv) the commissioner may provide by rule for the determination of the base period
 285.26 percentage in the case of reorganizations, new corporations or entities, and other similar
 285.27 circumstances.

285.28 (3) In the case of a required installment determined under this paragraph, if the
 285.29 corporation or entity determines that the installment is less than the amount determined in
 285.30 paragraph (a), the amount of the required installment is the amount determined under this
 285.31 paragraph and the recapture of previous quarters' reductions allowed by this paragraph
 285.32 must be recovered by increasing later required installments to the extent the reductions
 285.33 have not previously been recovered.

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

285.35 Sec. 10. Minnesota Statutes 2012, section 289A.26, subdivision 9, is amended to read:

286.1 Subd. 9. **Failure to file an estimate.** In the case of a corporation or an entity
286.2 that fails to file an estimated tax for a taxable year when one is required, the period of
286.3 the underpayment runs from the four installment dates in subdivision 2 or 3, whichever
286.4 applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).

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

286.6 Sec. 11. Minnesota Statutes 2012, section 290.9705, subdivision 1, is amended to read:

286.7 Subdivision 1. **Withholding of payments to out-of-state contractors.** (a) In this
286.8 section, "person" means a person, corporation, or cooperative, the state of Minnesota and
286.9 its political subdivisions, and a city, county, and school district in Minnesota.

286.10 (b) A person who in the regular course of business is hiring, contracting, or having a
286.11 contract with a nonresident person or foreign corporation, ~~as defined in Minnesota Statutes~~
286.12 ~~1986, section 290.01, subdivision 5,~~ to perform construction work in Minnesota, shall
286.13 deduct and withhold eight percent of ~~cumulative calendar year~~ payments made to the
286.14 contractor ~~which exceed~~ if the value of the contract exceeds \$50,000.

286.15 **EFFECTIVE DATE.** This section is effective for payments made to contractors
286.16 after December 31, 2013.

286.17 ARTICLE 16

286.18 DEPARTMENT OF REVENUE SALES AND USE TAXES; SPECIAL TAXES

286.19 Section 1. Minnesota Statutes 2012, section 287.20, is amended by adding a
286.20 subdivision to read:

286.21 Subd. 11. **Partition.** "Partition" means the division by conveyance of real property
286.22 that is held jointly or in common by two or more persons into individually owned interests.
286.23 If one of the co-owners gives consideration for all or a part of the individually owned
286.24 interest conveyed to them, that portion of the conveyance is not a part of the partition.

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

286.26 Sec. 2. Minnesota Statutes 2012, section 289A.20, subdivision 4, is amended to read:

286.27 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and
286.28 payable to the commissioner monthly on or before the 20th day of the month following
286.29 the month in which the taxable event occurred, or following another reporting period
286.30 as the commissioner prescribes or as allowed under section 289A.18, subdivision 4,
286.31 paragraph (f) or (g), except that:

287.1 ~~(1) use taxes due on an annual use tax return as provided under section 289A.11,~~
287.2 ~~subdivision 1, are payable by April 15 following the close of the calendar year; and.~~

287.3 ~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000~~
287.4 ~~or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes~~
287.5 ~~imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the~~
287.6 ~~commissioner monthly in the following manner:~~

287.7 ~~(i) On or before the 14th day of the month following the month in which the taxable~~
287.8 ~~event occurred, the vendor must remit to the commissioner 90 percent of the estimated~~
287.9 ~~liability for the month in which the taxable event occurred.~~

287.10 ~~(ii) On or before the 20th day of the month in which the taxable event occurs, the~~
287.11 ~~vendor must remit to the commissioner a prepayment for the month in which the taxable~~
287.12 ~~event occurs equal to 67 percent of the liability for the previous month.~~

287.13 ~~(iii) On or before the 20th day of the month following the month in which the taxable~~
287.14 ~~event occurred, the vendor must pay any additional amount of tax not previously remitted~~
287.15 ~~under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than~~
287.16 ~~the vendor's liability for the month in which the taxable event occurred, the vendor may~~
287.17 ~~take a credit against the next month's liability in a manner prescribed by the commissioner.~~

287.18 ~~(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to~~
287.19 ~~continue to make payments in the same manner, as long as the vendor continues having a~~
287.20 ~~liability of \$120,000 or more during the most recent fiscal year ending June 30.~~

287.21 ~~(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required~~
287.22 ~~payment in the first month that the vendor is required to make a payment under either item~~
287.23 ~~(i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make~~
287.24 ~~subsequent monthly payments in the manner provided in item (ii).~~

287.25 ~~(vi) For vendors making an accelerated payment under item (ii), for the first month~~
287.26 ~~that the vendor is required to make the accelerated payment, on the 20th of that month, the~~
287.27 ~~vendor will pay 100 percent of the liability for the previous month and a prepayment for~~
287.28 ~~the first month equal to 67 percent of the liability for the previous month.~~

287.29 (b) Notwithstanding paragraph (a), A vendor having a liability of \$120,000 or more
287.30 during a fiscal year ending June 30 must remit the June liability for the next year in the
287.31 following manner:

287.32 (1) Two business days before June 30 of the year, the vendor must remit 90 percent
287.33 of the estimated June liability to the commissioner.

287.34 (2) On or before August 20 of the year, the vendor must pay any additional amount
287.35 of tax not remitted in June.

287.36 (c) A vendor having a liability of:

288.1 (1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,
288.2 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns
288.3 due for periods beginning in the subsequent calendar year on or before the 20th day of
288.4 the month following the month in which the taxable event occurred, or on or before the
288.5 20th day of the month following the month in which the sale is reported under section
288.6 289A.18, subdivision 4; or

288.7 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years
288.8 thereafter, must remit by electronic means all liabilities in the manner provided in
288.9 paragraph (a), ~~clause (2)~~, on returns due for periods beginning in the subsequent calendar
288.10 year, except for 90 percent of the estimated June liability, which is due two business days
288.11 before June 30. The remaining amount of the June liability is due on August 20.

288.12 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's
288.13 religious beliefs from paying electronically shall be allowed to remit the payment by mail.
288.14 The filer must notify the commissioner of revenue of the intent to pay by mail before
288.15 doing so on a form prescribed by the commissioner. No extra fee may be charged to a
288.16 person making payment by mail under this paragraph. The payment must be postmarked
288.17 at least two business days before the due date for making the payment in order to be
288.18 considered paid on a timely basis.

288.19 ~~(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed~~
288.20 ~~under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the~~
288.21 ~~chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and~~
288.22 ~~paid with the chapter 297A taxes, then the payment of all the liabilities on the return must~~
288.23 ~~be accelerated as provided in this subdivision.~~

288.24 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow account~~
288.25 ~~established in section 16A.152, subdivision 1, and the budget reserve account established in~~
288.26 ~~section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision~~
288.27 ~~2, paragraph (a), the remittance of the accelerated payments required under paragraph (a),~~
288.28 ~~clause (2), must be suspended. The commissioner of management and budget shall notify~~
288.29 ~~the commissioner of revenue when the accounts have reached the required amounts.~~
288.30 ~~Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of~~
288.31 ~~\$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the~~
288.32 ~~taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day~~
288.33 ~~of the month following the month in which the taxable event occurred. Payments of tax~~
288.34 ~~liabilities for taxable events occurring in June under paragraph (b) are not changed.~~

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

289.1 Sec. 3. Minnesota Statutes 2012, section 297A.665, is amended to read:

289.2 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

289.3 (a) For the purpose of the proper administration of this chapter and to prevent
289.4 evasion of the tax, until the contrary is established, it is presumed that:

289.5 (1) all gross receipts are subject to the tax; and

289.6 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption
289.7 in Minnesota.

289.8 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

289.9 However, a seller is relieved of liability if:

289.10 (1) the seller obtains a fully completed exemption certificate or all the relevant
289.11 information required by section 297A.72, subdivision 2, at the time of the sale or within
289.12 90 days after the date of the sale; or

289.13 (2) if the seller has not obtained a fully completed exemption certificate or all the
289.14 relevant information required by section 297A.72, subdivision 2, within the time provided
289.15 in clause (1), within 120 days after a request for substantiation by the commissioner,
289.16 the seller either:

289.17 (i) obtains ~~in good faith~~ from the purchaser a fully completed exemption certificate
289.18 or all the relevant information required by section 297A.72, subdivision 2, ~~from the~~
289.19 ~~purchaser~~ taken in good faith which means that the exemption certificate claims an
289.20 exemption that (A) was statutorily available on the date of the transaction, (B) could be
289.21 applicable to the item for which the exemption is claimed, and (C) is reasonable for the
289.22 purchaser's type of business; or

289.23 (ii) proves by other means that the transaction was not subject to tax.

289.24 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

289.25 (1) fraudulently fails to collect the tax; or

289.26 (2) solicits purchasers to participate in the unlawful claim of an exemption.

289.27 (d) Notwithstanding paragraph (b), relief from liability does not apply to a seller
289.28 who has obtained information under paragraph (b), clause (2), if through the audit process
289.29 the commissioner finds the following:

289.30 (1) that at the time the information was provided the seller had knowledge or had
289.31 reason to know that the information relating to the exemption was materially false; or

289.32 (2) that the seller knowingly participated in activity intended to purposefully evade
289.33 the sales tax due on the transaction.

289.34 ~~(d)~~ (e) A certified service provider, as defined in section 297A.995, subdivision 2, is
289.35 relieved of liability under this section to the extent a seller who is its client is relieved of
289.36 liability.

290.1 ~~(e)~~ (f) A purchaser of tangible personal property or any items listed in section 297A.63
290.2 that are shipped or brought to Minnesota by the purchaser has the burden of proving that the
290.3 property was not purchased from a retailer for storage, use, or consumption in Minnesota.

290.4 ~~(f)~~ (g) If a seller claims that certain sales are exempt and does not provide the
290.5 certificate, information, or proof required by paragraph (b), clause (2), within 120 days
290.6 after the date of the commissioner's request for substantiation, then the exemptions
290.7 claimed by the seller that required substantiation are disallowed.

290.8 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2013.

290.9 Sec. 4. Minnesota Statutes 2012, section 297F.01, subdivision 23, is amended to read:

290.10 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price stated
290.11 ~~on the price list in effect at the time of sale for which a manufacturer or person sells a~~
290.12 ~~tobacco product to a distributor, exclusive of any discount, promotional offer, or other~~
290.13 ~~reduction. For purposes of this subdivision, "price list" means the manufacturer's price at~~
290.14 ~~which tobacco products are made available for sale to all distributors on an ongoing basis~~
290.15 at which a distributor purchases a tobacco product. Wholesale sales price includes the
290.16 applicable federal excise tax, freight charges, or packaging costs, regardless of whether
290.17 they were included in the purchase price.

290.18 **EFFECTIVE DATE.** This section is effective for purchases made after December
290.19 31, 2013.

290.20 Sec. 5. Minnesota Statutes 2012, section 297G.04, subdivision 2, is amended to read:

290.21 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages
290.22 is entitled to a tax credit of \$4.60 per barrel on 25,000 barrels sold in any fiscal year
290.23 beginning July 1, regardless of the alcohol content of the product. Qualified brewers may
290.24 take the credit on the 18th day of each month, but the total credit allowed may not exceed
290.25 in any fiscal year the lesser of:

- 290.26 (1) the liability for tax; or
290.27 (2) \$115,000.

290.28 For purposes of this subdivision, a "qualified brewer" means a brewer, whether
290.29 or not located in this state, manufacturing less than 100,000 barrels of fermented malt
290.30 beverages in the calendar year immediately preceding the ~~calendar~~ fiscal year for which
290.31 the credit under this subdivision is claimed. In determining the number of barrels, all
290.32 brands or labels of a brewer must be combined. All facilities for the manufacture of

291.1 fermented malt beverages owned or controlled by the same person, corporation, or other
291.2 entity must be treated as a single brewer.

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

291.4 Sec. 6. Minnesota Statutes 2012, section 297I.05, subdivision 7, is amended to read:

291.5 Subd. 7. **Nonadmitted insurance premium tax.** (a) A tax is imposed on surplus
291.6 lines brokers. The rate of tax is equal to three percent of the gross premiums less return
291.7 premiums paid by an insured whose home state is Minnesota.

291.8 (b) A tax is imposed on ~~persons, firms, or corporations~~ a person, firm, corporation,
291.9 or purchasing group as defined in section 60E.02, or any member of a purchasing group,
291.10 ~~that procure~~ procures insurance directly from a nonadmitted insurer. The rate of tax is
291.11 equal to two percent of the gross premiums less return premiums paid by an insured
291.12 whose home state is Minnesota.

291.13 (c) No state other than the home state of an insured may require any premium tax
291.14 payment for nonadmitted insurance. When Minnesota is the home state of the insured,
291.15 as provided under section 297I.01, 100 percent of the gross premiums are taxable in
291.16 Minnesota with no allocation of the tax to other states.

291.17 **EFFECTIVE DATE.** This section is effective for premiums received after
291.18 December 31, 2013.

291.19 Sec. 7. Minnesota Statutes 2012, section 297I.05, subdivision 11, is amended to read:

291.20 Subd. 11. **Retaliatory provisions.** (a) If any other state or country imposes any
291.21 taxes, fines, deposits, penalties, licenses, or fees upon any insurance companies of this
291.22 state and their agents doing business in another state or country that are in addition to or in
291.23 excess of those imposed by the laws of this state upon foreign insurance companies and
291.24 their agents doing business in this state, the same taxes, fines, deposits, penalties, licenses,
291.25 and fees are imposed upon every similar insurance company of that state or country and
291.26 their agents doing or applying to do business in this state.

291.27 (b) If any conditions precedent to the right to do business in any other state or
291.28 country are imposed by the laws of that state or country, beyond those imposed upon
291.29 foreign companies by the laws of this state, the same conditions precedent are imposed
291.30 upon every similar insurance company of that state or country and their agents doing or
291.31 applying to do business in that state.

291.32 (c) For purposes of this subdivision, "taxes, fines, deposits, penalties, licenses, or
291.33 fees" means an amount of money that is deposited in the general revenue fund of the state

292.1 or other similar fund in another state or country and is not dedicated to a special purpose
292.2 or use or money deposited in the general revenue fund of the state or other similar fund in
292.3 another state or country and appropriated to the commissioner of commerce or insurance
292.4 for the operation of the Department of Commerce or other similar agency with jurisdiction
292.5 over insurance. Taxes, fines, deposits, penalties, licenses, or fees do not include:

292.6 (1) special purpose obligations or assessments imposed in connection with particular
292.7 kinds of insurance, including but not limited to assessments imposed in connection with
292.8 residual market mechanisms; or

292.9 (2) assessments made by the insurance guaranty association, life and health
292.10 guarantee association, or similar association.

292.11 (d) This subdivision applies to taxes imposed under subdivisions 1₂, 3₂, 4, ~~6~~, and 12,
292.12 paragraph (a), clauses (1) and (2); and 14.

292.13 (e) This subdivision does not apply to insurance companies organized or domiciled
292.14 in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits,
292.15 penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from
292.16 retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies
292.17 domiciled in this state.

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

292.19 Sec. 8. Minnesota Statutes 2012, section 297I.05, subdivision 12, is amended to read:

292.20 Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

292.21 (1) gross premiums less return premiums written for risks resident or located in
292.22 Minnesota by a risk retention group;

292.23 (2) gross premiums less return premiums received by an attorney in fact acting
292.24 in accordance with chapter 71A;

292.25 (3) gross premiums less return premiums received pursuant to assigned risk policies
292.26 and contracts of coverage under chapter 79; and

292.27 (4) the direct funded premium received by the reinsurance association under section
292.28 79.34 from self-insurers approved under section 176.181 and political subdivisions that
292.29 self-insure; and

292.30 ~~(5) gross premiums less return premiums paid to an insurer other than a licensed~~
292.31 ~~insurance company or a surplus lines broker for coverage of risks resident or located in~~
292.32 ~~Minnesota by a purchasing group or any members of the purchasing group to a broker or~~
292.33 ~~agent for the purchasing group.~~

293.1 (b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The
293.2 rate of tax is equal to two percent of the total amount of claims paid during the fund year,
293.3 with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

293.4 (c) A tax is imposed on a joint self-insurance plan operating under chapter 62H.
293.5 The rate of tax is equal to two percent of the total amount of claims paid during the
293.6 fund's fiscal year, with no deduction for claims wholly or partially reimbursed through
293.7 stop-loss insurance.

293.8 (d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5,
293.9 on the gross premiums less return premiums on all coverages received by an accountable
293.10 provider network or agents of an accountable provider network in Minnesota, in cash or
293.11 otherwise, during the year.

293.12 **EFFECTIVE DATE.** This section is effective for premiums received after
293.13 December 31, 2013.

293.14 Sec. 9. Minnesota Statutes 2012, section 297I.30, subdivision 1, is amended to read:

293.15 Subdivision 1. **General rule.** On or before March 1, every taxpayer subject to
293.16 taxation under section 297I.05, subdivisions 1 to 5²; 7, paragraph (b)²; 12, ~~paragraphs (a),~~
293.17 ~~clauses (1) to (4), (b), (c), and (d)²; and 14,~~ shall file an annual return for the preceding
293.18 calendar year in the form prescribed by the commissioner.

293.19 **EFFECTIVE DATE.** This section is effective for premiums received after
293.20 December 31, 2013.

293.21 Sec. 10. Minnesota Statutes 2012, section 297I.30, subdivision 2, is amended to read:

293.22 Subd. 2. **Surplus lines brokers and purchasing groups.** On or before February
293.23 15 and August 15 of each year, every surplus lines broker subject to taxation under
293.24 section 297I.05, subdivision 7, paragraph (a), ~~and every purchasing group or member of~~
293.25 ~~a purchasing group subject to tax under section 297I.05, subdivision 12, paragraph (a),~~
293.26 ~~clause (5),~~ shall file a return with the commissioner for the preceding six-month period
293.27 ending December 31, or June 30, in the form prescribed by the commissioner.

293.28 **EFFECTIVE DATE.** This section is effective for premiums received after
293.29 December 31, 2013.

293.30 Sec. 11. **REPEALER.**

293.31 Minnesota Statutes 2012, section 289A.60, subdivision 31, is repealed.

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

294.2 **ARTICLE 17**

294.3 **DEPARTMENT OF REVENUE PROPERTY AND MINERALS PROVISIONS**

294.4 Section 1. Minnesota Statutes 2012, section 123A.455, subdivision 1, is amended to
294.5 read:

294.6 Subdivision 1. **Definitions.** "Split residential property parcel" means a parcel of
294.7 real estate that is located within the boundaries of more than one school district and that
294.8 is classified as residential property under:

294.9 (1) section 273.13, subdivision 22, paragraph (a) or (b);

294.10 (2) section 273.13, subdivision 25, paragraph (b), clause (1); or

294.11 (3) section 273.13, subdivision 25, paragraph (c), ~~clause (1).~~

294.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
294.13 thereafter.

294.14 Sec. 2. Minnesota Statutes 2012, section 270.077, is amended to read:

294.15 **270.077 TAXES CREDITED TO STATE AIRPORTS FUND.**

294.16 All taxes levied under sections 270.071 to 270.079 must be collected by the
294.17 commissioner and credited to the state airports fund created in section 360.017.

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

294.19 Sec. 3. Minnesota Statutes 2012, section 270.41, subdivision 5, is amended to read:

294.20 Subd. 5. **Prohibited activity.** A licensed assessor or other person employed by an
294.21 assessment jurisdiction or contracting with an assessment jurisdiction for the purpose
294.22 of valuing or classifying property for property tax purposes is prohibited from making
294.23 appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report
294.24 as defined in section 82B.021, subdivisions 2, 4, 6, and 7, on any property within the
294.25 assessment jurisdiction where the individual is employed or performing the duties of the
294.26 assessor under contract. Violation of this prohibition shall result in immediate revocation
294.27 of the individual's license to assess property for property tax purposes. This prohibition
294.28 must not be construed to prohibit an individual from carrying out any duties required
294.29 for the proper assessment of property for property tax purposes or performing duties
294.30 enumerated in section 273.061, subdivision 7 or 8. If a formal resolution has been adopted
294.31 by the governing body of a governmental unit, which specifies the purposes for which
294.32 such work will be done, this prohibition does not apply to appraisal activities undertaken

295.1 on behalf of and at the request of the governmental unit that has employed or contracted
295.2 with the individual. The resolution may only allow appraisal activities which are related to
295.3 condemnations, right-of-way acquisitions, land exchanges, or special assessments.

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

295.5 Sec. 4. Minnesota Statutes 2012, section 270C.34, subdivision 1, is amended to read:

295.6 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any
295.7 penalty or interest that is imposed by a law administered by the commissioner, or imposed
295.8 by section 270.0725, subdivision 1 or 2, or 270.075, subdivision 2, as a result of the late
295.9 payment of tax or late filing of a return, or any part of an additional tax charge under
295.10 section 289A.25, subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the
295.11 tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located
295.12 in a presidentially declared disaster or in a presidentially declared state of emergency area
295.13 or in an area declared to be in a state of emergency by the governor under section 12.31.

295.14 (b) The commissioner shall abate any part of a penalty or additional tax charge
295.15 under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous
295.16 advice given to the taxpayer in writing by an employee of the department acting in
295.17 an official capacity, if the advice:

295.18 (1) was reasonably relied on and was in response to a specific written request of the
295.19 taxpayer; and

295.20 (2) was not the result of failure by the taxpayer to provide adequate or accurate
295.21 information.

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

295.23 Sec. 5. Minnesota Statutes 2012, section 272.01, subdivision 2, is amended to read:

295.24 Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or
295.25 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is
295.26 leased, loaned, or otherwise made available and used by a private individual, association,
295.27 or corporation in connection with a business conducted for profit, there shall be imposed a
295.28 tax, for the privilege of so using or possessing such real or personal property, in the same
295.29 amount and to the same extent as though the lessee or user was the owner of such property.

295.30 (b) The tax imposed by this subdivision shall not apply to:

295.31 (1) property leased or used as a concession in or relative to the use in whole
295.32 or part of a public park, market, fairgrounds, port authority, economic development

296.1 authority established under chapter 469, municipal auditorium, municipal parking facility,
296.2 municipal museum, or municipal stadium;

296.3 (2) property of an airport owned by a city, town, county, or group thereof which is:

296.4 (i) leased to or used by any person or entity including a fixed base operator; and

296.5 (ii) used as a hangar for the storage or repair of aircraft or to provide aviation goods,
296.6 services, or facilities to the airport or general public;

296.7 the exception from taxation provided in this clause does not apply to:

296.8 (i) property located at an airport owned or operated by the Metropolitan Airports
296.9 Commission or by a city of over 50,000 population according to the most recent federal
296.10 census or such a city's airport authority; or

296.11 (ii) hangars leased by a private individual, association, or corporation in connection
296.12 with a business conducted for profit other than an aviation-related business;

296.13 (3) property constituting or used as a public pedestrian ramp or concourse in
296.14 connection with a public airport;

296.15 (4) property constituting or used as a passenger check-in area or ticket sale counter,
296.16 boarding area, or luggage claim area in connection with a public airport but not the
296.17 airports owned or operated by the Metropolitan Airports Commission or cities of over
296.18 50,000 population or an airport authority therein. Real estate owned by a municipality
296.19 in connection with the operation of a public airport and leased or used for agricultural
296.20 purposes is not exempt;

296.21 (5) property leased, loaned, or otherwise made available to a private individual,
296.22 corporation, or association under a cooperative farming agreement made pursuant to
296.23 section 97A.135; or

296.24 (6) property leased, loaned, or otherwise made available to a private individual,
296.25 corporation, or association under section 272.68, subdivision 4.

296.26 (c) Taxes imposed by this subdivision are payable as in the case of personal property
296.27 taxes and shall be assessed to the lessees or users of real or personal property in the same
296.28 manner as taxes assessed to owners of real or personal property, except that such taxes
296.29 shall not become a lien against the property. When due, the taxes shall constitute a debt due
296.30 from the lessee or user to the state, township, city, county, and school district for which the
296.31 taxes were assessed and shall be collected in the same manner as personal property taxes.
296.32 If property subject to the tax imposed by this subdivision is leased or used jointly by two or
296.33 more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

296.34 (d) The tax on real property of the federal government, the state or any of its political
296.35 subdivisions that is leased by, loaned, or otherwise made available to a private individual,
296.36 association, or corporation and becomes taxable under this subdivision or other provision

297.1 of law must be assessed and collected as a personal property assessment. The taxes do
297.2 not become a lien against the real property.

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

297.4 Sec. 6. Minnesota Statutes 2012, section 272.02, subdivision 97, is amended to read:

297.5 Subd. 97. **Property used in business of mining subject to net proceeds tax.** The
297.6 following property used in the business of mining that is subject to the net proceeds tax
297.7 under section 298.015 is exempt:

297.8 (1) deposits of ores, metals, and minerals and the lands in which they are contained;

297.9 (2) all real and personal property used in mining, quarrying, producing, or refining
297.10 ores, minerals, or metals, including lands occupied by or used in connection with the
297.11 mining, quarrying, production, or ore refining facilities; and

297.12 (3) concentrate ~~or direct reduced ore~~.

297.13 This exemption applies for each year that a person subject to tax under section
297.14 298.015 uses the property for mining, quarrying, producing, or refining ores, metals, or
297.15 minerals.

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

297.17 Sec. 7. Minnesota Statutes 2012, section 272.03, subdivision 9, is amended to read:

297.18 Subd. 9. **Person.** "Person" ~~includes~~ means an individual, association, estate, trust,
297.19 partnership, firm, company, or corporation.

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

297.21 Sec. 8. Minnesota Statutes 2012, section 273.114, subdivision 6, is amended to read:

297.22 Subd. 6. **Additional taxes.** (a) When real property which is being, or has been
297.23 valued and assessed under this section is sold, transferred, or no longer qualifies under
297.24 subdivision 2, the portion sold, transferred, or no longer qualifying shall be subject to
297.25 additional taxes in the amount equal to the difference between the taxes determined in
297.26 accordance with subdivision 3 and the amount determined under subdivision 4, provided
297.27 that the amount determined under subdivision 4 shall not be greater than it would have
297.28 been had the actual bona fide sale price of the real property at an arm's-length transaction
297.29 been used in lieu of the market value determined under subdivision 4. The additional taxes
297.30 shall be extended against the property on the tax list for taxes payable in the current year,
297.31 provided that no interest or penalties shall be levied on the additional taxes if timely paid

and provided that the additional taxes shall only be levied with respect to the current year plus two prior years that the property has been valued and assessed under this section.

(b) In the case of a sale or transfer, the additional taxes under paragraph (a) shall not be extended against the property if the new owner submits a successful application under this section by the later of May 1 of the current year or 30 days after the sale or transfer.

(c) For the purposes of this section, the following events do not constitute a sale or transfer for property that qualified under subdivision 2 prior to the event:

(1) death of a property owner when the surviving owners retain ownership of the property;

(2) divorce of a married couple when one of the spouses retains ownership of the property;

(3) marriage of a single property owner when that owner retains ownership of the property in whole or in part;

(4) the organization or reorganization of a farm ownership entity that is not prohibited from owning agricultural land in this state under section 500.24, if all owners maintain the same beneficial interest both before and after the organization or reorganization; and

(5) transfer of the property to a trust or trustee, provided that the individual owners of the property are the grantors of the trust and they maintain the same beneficial interest both before and after placement of the property in trust.

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

Sec. 9. Minnesota Statutes 2012, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a net class rate of 0.5 percent of market value. The remaining property over the first tier has a class rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a net class rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is

299.1 interspersed with class 2a property, including but not limited to sloughs, wooded wind
299.2 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,
299.3 and other similar land that is impractical for the assessor to value separately from the rest of
299.4 the property or that is unlikely to be able to be sold separately from the rest of the property.

299.5 An assessor may classify the part of a parcel described in this subdivision that is used
299.6 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

299.7 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,
299.8 that are unplatted real estate, rural in character and not used for agricultural purposes,
299.9 including land used for growing trees for timber, lumber, and wood and wood products,
299.10 that is not improved with a structure. The presence of a minor, ancillary nonresidential
299.11 structure as defined by the commissioner of revenue does not disqualify the property from
299.12 classification under this paragraph. Any parcel of 20 acres or more improved with a
299.13 structure that is not a minor, ancillary nonresidential structure must be split-classified, and
299.14 ten acres must be assigned to the split parcel containing the structure. Class 2b property
299.15 has a net class rate of one percent of market value unless it is part of an agricultural
299.16 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

299.17 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
299.18 acres statewide per taxpayer that is being managed under a forest management plan that
299.19 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest
299.20 resource management incentive program. It has a class rate of .65 percent, provided that
299.21 the owner of the property must apply to the assessor in order for the property to initially
299.22 qualify for the reduced rate and provide the information required by the assessor to verify
299.23 that the property qualifies for the reduced rate. If the assessor receives the application
299.24 and information before May 1 in an assessment year, the property qualifies beginning
299.25 with that assessment year. If the assessor receives the application and information after
299.26 April 30 in an assessment year, the property may not qualify until the next assessment
299.27 year. The commissioner of natural resources must concur that the land is qualified. The
299.28 commissioner of natural resources shall annually provide county assessors verification
299.29 information on a timely basis. The presence of a minor, ancillary nonresidential structure
299.30 as defined by the commissioner of revenue does not disqualify the property from
299.31 classification under this paragraph.

299.32 (e) Agricultural land as used in this section means:

299.33 (1) contiguous acreage of ten acres or more, used during the preceding year for
299.34 agricultural purposes; or

300.1 (2) contiguous acreage used during the preceding year for an intensive livestock or
300.2 poultry confinement operation, provided that land used only for pasturing or grazing
300.3 does not qualify under this clause.

300.4 "Agricultural purposes" as used in this section means the raising, cultivation, drying,
300.5 or storage of agricultural products for sale, or the storage of machinery or equipment
300.6 used in support of agricultural production by the same farm entity. For a property to be
300.7 classified as agricultural based only on the drying or storage of agricultural products,
300.8 the products being dried or stored must have been produced by the same farm entity as
300.9 the entity operating the drying or storage facility. "Agricultural purposes" also includes
300.10 enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or
300.11 the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar
300.12 state or federal conservation program if the property was classified as agricultural (i)
300.13 under this subdivision for ~~the assessment year 2002~~ taxes payable in 2003 because of its
300.14 enrollment in a qualifying program and the land remains enrolled or (ii) in the year prior
300.15 to its enrollment. Agricultural classification shall not be based upon the market value of
300.16 any residential structures on the parcel or contiguous parcels under the same ownership.

300.17 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous
300.18 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion
300.19 of, a set of contiguous tax parcels under that section that are owned by the same person.

300.20 (f) ~~Real estate of~~ Agricultural land under this section also includes:

300.21 (1) contiguous acreage that is less than ten acres, which is in size and exclusively or
300.22 intensively used in the preceding year for raising or cultivating agricultural products, shall
300.23 be considered as agricultural land. To qualify under this paragraph, property that includes
300.24 a residential structure must be used intensively for one of the following purposes; or

300.25 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if
300.26 the contiguous acreage exclusive of the house, garage, and surrounding one acre of land
300.27 was used in the preceding year for one or more of the following three uses:

300.28 (i) for an intensive grain drying or storage of grain operation, or for intensive
300.29 machinery or equipment storage of machinery or equipment activities used to support
300.30 agricultural activities on other parcels of property operated by the same farming entity;

300.31 (ii) as a nursery, provided that only those acres used intensively to produce nursery
300.32 stock are considered agricultural land; or

300.33 ~~(iii) for livestock or poultry confinement, provided that land that is used only for~~
300.34 ~~pasturing and grazing does not qualify; or~~

300.35 ~~(iv)~~ (iii) for intensive market farming; for purposes of this paragraph, "market
300.36 farming" means the cultivation of one or more fruits or vegetables or production of animal

301.1 or other agricultural products for sale to local markets by the farmer or an organization
301.2 with which the farmer is affiliated.

301.3 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as
301.4 described in section 272.193, or all of a set of contiguous tax parcels under that section
301.5 that are owned by the same person.

301.6 (g) Land shall be classified as agricultural even if all or a portion of the agricultural
301.7 use of that property is the leasing to, or use by another person for agricultural purposes.

301.8 Classification under this subdivision is not determinative for qualifying under
301.9 section 273.111.

301.10 (h) The property classification under this section supersedes, for property tax
301.11 purposes only, any locally administered agricultural policies or land use restrictions that
301.12 define minimum or maximum farm acreage.

301.13 (i) The term "agricultural products" as used in this subdivision includes production
301.14 for sale of:

301.15 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing
301.16 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains,
301.17 bees, and apiary products by the owner;

301.18 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned
301.19 for agricultural use;

301.20 (3) the commercial boarding of horses, which may include related horse training and
301.21 riding instruction, if the boarding is done on property that is also used for raising pasture
301.22 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

301.23 (4) property which is owned and operated by nonprofit organizations used for
301.24 equestrian activities, excluding racing;

301.25 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under
301.26 section 97A.105, provided that the annual licensing report to the Department of Natural
301.27 Resources, which must be submitted annually by March 30 to the assessor, indicates
301.28 that at least 500 birds were raised or used for breeding stock on the property during the
301.29 preceding year and that the owner provides a copy of the owner's most recent schedule F;
301.30 or (ii) for use on a shooting preserve licensed under section 97A.115;

301.31 (6) insects primarily bred to be used as food for animals;

301.32 (7) trees, grown for sale as a crop, including short rotation woody crops, and not
301.33 sold for timber, lumber, wood, or wood products; and

301.34 (8) maple syrup taken from trees grown by a person licensed by the Minnesota
301.35 Department of Agriculture under chapter 28A as a food processor.

(j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

(k) The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a class rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified,

303.1 or until the airport or landing area no longer meets the requirements of this paragraph.

303.2 For purposes of this paragraph, "public access area" means property used as an aircraft
303.3 parking ramp, apron, or storage hangar, or an arrival and departure building in connection
303.4 with the airport.

303.5 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively
303.6 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not
303.7 located in a county that has elected to opt-out of the aggregate preservation program as
303.8 provided in section 273.1115, subdivision 6. It has a class rate of one percent of market
303.9 value. To qualify for classification under this paragraph, the property must be at least
303.10 ten contiguous acres in size and the owner of the property must record with the county
303.11 recorder of the county in which the property is located an affidavit containing:

303.12 (1) a legal description of the property;

303.13 (2) a disclosure that the property contains a commercial aggregate deposit that is not
303.14 actively being mined but is present on the entire parcel enrolled;

303.15 (3) documentation that the conditional use under the county or local zoning
303.16 ordinance of this property is for mining; and

303.17 (4) documentation that a permit has been issued by the local unit of government
303.18 or the mining activity is allowed under local ordinance. The disclosure must include a
303.19 statement from a registered professional geologist, engineer, or soil scientist delineating
303.20 the deposit and certifying that it is a commercial aggregate deposit.

303.21 For purposes of this section and section 273.1115, "commercial aggregate deposit"
303.22 means a deposit that will yield crushed stone or sand and gravel that is suitable for use
303.23 as a construction aggregate; and "actively mined" means the removal of top soil and
303.24 overburden in preparation for excavation or excavation of a commercial deposit.

303.25 (n) When any portion of the property under this subdivision or subdivision 22 begins
303.26 to be actively mined, the owner must file a supplemental affidavit within 60 days from
303.27 the day any aggregate is removed stating the number of acres of the property that is
303.28 actively being mined. The acres actively being mined must be (1) valued and classified
303.29 under subdivision 24 in the next subsequent assessment year, and (2) removed from the
303.30 aggregate resource preservation property tax program under section 273.1115, if the
303.31 land was enrolled in that program. Copies of the original affidavit and all supplemental
303.32 affidavits must be filed with the county assessor, the local zoning administrator, and the
303.33 Department of Natural Resources, Division of Land and Minerals. A supplemental
303.34 affidavit must be filed each time a subsequent portion of the property is actively mined,
303.35 provided that the minimum acreage change is five acres, even if the actual mining activity
303.36 constitutes less than five acres.

304.1 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are
304.2 not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions
304.3 in section 14.386 concerning exempt rules do not apply.

304.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
304.5 thereafter.

304.6 Sec. 10. Minnesota Statutes 2012, section 273.13, subdivision 25, is amended to read:

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

304.14 (b) Class 4b includes:

304.15 (1) residential real estate containing less than four units that does not qualify as class
304.16 4bb, other than seasonal residential recreational property;

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

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

304.20 (4) unimproved property that is classified residential as determined under subdivision
304.21 33.

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

304.23 (c) Class 4bb includes:

304.24 ~~(1)~~ nonhomestead residential real estate containing one unit, other than seasonal
304.25 residential recreational property; and

304.26 ~~(2)~~ a single family dwelling, garage, and surrounding one acre of property on a
304.27 nonhomestead farm classified under subdivision 23, paragraph (b).

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

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

304.32 (d) Class 4c property includes:

304.33 (1) except as provided in subdivision 22, paragraph (c), real and personal property
304.34 devoted to commercial temporary and seasonal residential occupancy for recreation
304.35 purposes, for not more than 250 days in the year preceding the year of assessment. For

305.1 purposes of this clause, property is devoted to a commercial purpose on a specific day
305.2 if any portion of the property is used for residential occupancy, and a fee is charged for
305.3 residential occupancy. Class 4c property under this clause must contain three or more
305.4 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,
305.5 or individual camping site equipped with water and electrical hookups for recreational
305.6 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class
305.7 4c under this clause is also class 4c under this clause regardless of the term of the rental
305.8 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a
305.9 property to be classified under this clause, either (i) the business located on the property
305.10 must provide recreational activities, at least 40 percent of the annual gross lodging receipts
305.11 related to the property must be from business conducted during 90 consecutive days,
305.12 and either (A) at least 60 percent of all paid bookings by lodging guests during the year
305.13 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the
305.14 annual gross receipts must be from charges for providing recreational activities, or (ii) the
305.15 business must contain 20 or fewer rental units, and must be located in a township or a city
305.16 with a population of 2,500 or less located outside the metropolitan area, as defined under
305.17 section 473.121, subdivision 2, that contains a portion of a state trail administered by the
305.18 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or
305.19 more nights shall be counted as two bookings. Class 4c property also includes commercial
305.20 use real property used exclusively for recreational purposes in conjunction with other class
305.21 4c property classified under this clause and devoted to temporary and seasonal residential
305.22 occupancy for recreational purposes, up to a total of two acres, provided the property is
305.23 not devoted to commercial recreational use for more than 250 days in the year preceding
305.24 the year of assessment and is located within two miles of the class 4c property with which
305.25 it is used. In order for a property to qualify for classification under this clause, the owner
305.26 must submit a declaration to the assessor designating the cabins or units occupied for 250
305.27 days or less in the year preceding the year of assessment by January 15 of the assessment
305.28 year. Those cabins or units and a proportionate share of the land on which they are located
305.29 must be designated class 4c under this clause as otherwise provided. The remainder of the
305.30 cabins or units and a proportionate share of the land on which they are located will be
305.31 designated as class 3a. The owner of property desiring designation as class 4c property
305.32 under this clause must provide guest registers or other records demonstrating that the units
305.33 for which class 4c designation is sought were not occupied for more than 250 days in the
305.34 year preceding the assessment if so requested. The portion of a property operated as a
305.35 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
305.36 nonresidential facility operated on a commercial basis not directly related to temporary and

306.1 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For
306.2 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,
306.3 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing
306.4 marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

306.22 For purposes of this clause:

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

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

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

306.32 (D) "revenue-producing activities" shall include but not be limited to property or that
306.33 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
306.34 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
306.35 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an

307.1 insurance business, or office or other space leased or rented to a lessee who conducts a
307.2 for-profit enterprise on the premises.

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

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

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

307.17 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
307.18 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
307.19 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
307.20 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under subitem (B). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year;

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings

309.1 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing
309.2 tackle, are classified as class 3a property; and

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

309.5 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
309.6 parcel of noncommercial seasonal residential recreational property under clause (12)
309.7 has the same class rates as class 4bb property, (ii) manufactured home parks assessed
309.8 under clause (5), item (i), have the same class rate as class 4b property, and the market
309.9 value of manufactured home parks assessed under clause (5), item (ii), has the same class
309.10 rate as class 4d property if more than 50 percent of the lots in the park are occupied by
309.11 shareholders in the cooperative corporation or association and a class rate of one percent if
309.12 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential
309.13 recreational property and marina recreational land as described in clause (11), has a
309.14 class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the
309.15 remaining market value, (iv) the market value of property described in clause (4) has a
309.16 class rate of one percent, (v) the market value of property described in clauses (2), (6), and
309.17 (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property
309.18 in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

309.19 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
309.20 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
309.21 of the units in the building qualify as low-income rental housing units as certified under
309.22 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
309.23 of units in the building qualify for class 4d. The remaining portion of the building shall be
309.24 classified by the assessor based upon its use. Class 4d also includes the same proportion of
309.25 land as the qualifying low-income rental housing units are to the total units in the building.
309.26 For all properties qualifying as class 4d, the market value determined by the assessor must
309.27 be based on the normal approach to value using normal unrestricted rents.

309.28 Class 4d property has a class rate of 0.75 percent.

309.29 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
309.30 thereafter.

309.31 Sec. 11. Minnesota Statutes 2012, section 273.19, subdivision 1, is amended to read:

309.32 Subdivision 1. **Tax-exempt property; lease.** Except as provided in subdivision 3 or
309.33 4, tax-exempt property held under a lease for a term of at least one year, and not taxable
309.34 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be
309.35 considered, for all purposes of taxation, as the property of the person holding it. In this

310.1 subdivision, "tax-exempt property" means property owned by the United States, the state
310.2 or any of its political subdivisions, a school, or any religious, scientific, or benevolent
310.3 society or institution, incorporated or unincorporated, or any corporation whose property
310.4 is not taxed in the same manner as other property. This subdivision does not apply to
310.5 property exempt from taxation under section 272.01, subdivision 2, paragraph (b), clauses
310.6 (2), (3), and (4), or to property exempt from taxation under section 272.0213.

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

310.8 Sec. 12. Minnesota Statutes 2012, section 273.372, subdivision 4, is amended to read:

310.9 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under
310.10 section 270.82 or 273.371 by the date specified in that section, or by the date specified by
310.11 the commissioner in an extension, may appeal administratively to the commissioner prior
310.12 to bringing an action in court ~~by submitting~~.

310.13 (b) Companies that must submit reports under section 270.82 must submit a written
310.14 request with to the commissioner for a conference within ten days after the date of the
310.15 commissioner's valuation certification or notice to the company, or by May June 15,
310.16 whichever is earlier.

310.17 (c) Companies that submit reports under section 273.371 must submit a written
310.18 request to the commissioner for a conference within ten days after the date of the
310.19 commissioner's valuation certification or notice to the company, or by July 1, whichever
310.20 is earlier.

310.21 (d) The commissioner shall conduct the conference upon the commissioner's entire
310.22 files and records and such further information as may be offered. The conference must
310.23 be held no later than 20 days after the date of the commissioner's valuation certification
310.24 or notice to the company, or by the date specified by the commissioner in an extension.
310.25 Within 60 days after the conference the commissioner shall make a final determination of
310.26 the matter and shall notify the company promptly of the determination. The conference
310.27 is not a contested case hearing.

310.28 ~~(b)~~ (e) In addition to the opportunity for a conference under paragraph (a), the
310.29 commissioner shall also provide the railroad and utility companies the opportunity to
310.30 discuss any questions or concerns relating to the values established by the commissioner
310.31 through certification or notice in a less formal manner. This does not change or modify
310.32 the deadline for requesting a conference under paragraph (a), the deadline in section
310.33 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for
310.34 appealing property taxes in court.

311.1 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

311.2 Sec. 13. Minnesota Statutes 2012, section 273.39, is amended to read:

311.3 **273.39 RURAL AREA.**

311.4 As used in sections 273.39 to 273.41, the term "rural area" shall be deemed to mean
311.5 any area of the state not included within the boundaries of any ~~incorporated~~ statutory
311.6 city or home rule charter city, and such term shall be deemed to include both farm and
311.7 nonfarm population thereof.

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

311.9 Sec. 14. Minnesota Statutes 2012, section 279.06, subdivision 1, is amended to read:

311.10 Subdivision 1. **List and notice.** Within five days after the filing of such list, the
311.11 court administrator shall return a copy thereof to the county auditor, with a notice prepared
311.12 and signed by the court administrator, and attached thereto, which may be substantially in
311.13 the following form:

311.14 State of Minnesota)

311.15) ss.

311.16 County of)

311.17 District Court
311.18 Judicial District.

311.19 The state of Minnesota, to all persons, companies, or corporations who have or claim
311.20 any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of
311.21 land described in the list hereto attached:

311.22 The list of taxes and penalties on real property for the county of
311.23 remaining delinquent on the first Monday in January,, has been filed in the office of
311.24 the court administrator of the district court of said county, of which that hereto attached is a
311.25 copy. Therefore, you, and each of you, are hereby required to file in the office of said court
311.26 administrator, on or before the 20th day after the publication of this notice and list, your
311.27 answer, in writing, setting forth any objection or defense you may have to the taxes, or any
311.28 part thereof, upon any parcel of land described in the list, in, to, or on which you have or
311.29 claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will
311.30 be entered against such parcel of land for the taxes on such list appearing against it, and
311.31 for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to
311.32 the state of Minnesota on the second Monday in May, ~~The period of redemption for~~
311.33 ~~all lands sold to the state at a tax judgment sale shall be three years from the date of sale to~~
311.34 ~~the state of Minnesota if the land is within an incorporated area unless it is:~~

312.1

(a) ~~nonagricultural homesteaded land as defined in section 273.13, subdivision 22;~~

312.2

(b) ~~homesteaded agricultural land as defined in section 273.13, subdivision 23,~~

312.3

~~paragraph (a);~~

312.4

(c) ~~seasonal residential recreational land as defined in section 273.13, subdivisions~~

312.5

~~22, paragraph (c), and 25, paragraph (d), clause (1), in which event the period of~~

312.6

~~redemption is five years from the date of sale to the state of Minnesota;~~

312.7

(d) ~~abandoned property and pursuant to section 281.173 a court order has been~~

312.8

~~entered shortening the redemption period to five weeks; or~~

312.9

(e) ~~vacant property as described under section 281.174, subdivision 2, and for which~~

312.10

~~a court order is entered shortening the redemption period under section 281.174.~~

312.11

~~The period of redemption for all other lands sold to the state at a tax judgment sale~~

312.12

~~shall be five years from the date of sale.~~

312.13

Inquiries as to the proceedings set forth above can be made to the county auditor of

312.14

..... county whose address is

312.15

(Signed),

312.16

Court Administrator of the District Court of the

312.17

County of

312.18

(Here insert list.)

312.19

The notice must contain a narrative description of the various periods to redeem

312.20

specified in sections 281.17, 281.173, and 281.174, in the manner prescribed by the

312.21

commissioner of revenue under subdivision 2.

312.22

The list referred to in the notice shall be substantially in the following form:

312.23

List of real property for the county of, on which taxes remain

312.24

delinquent on the first Monday in January,

312.25

Town of (Fairfield),

312.26

Township (40), Range (20),

312.27	Names (and Current				
312.28	Filed Addresses) for				
312.29	the Taxpayers and Fee				
312.30	Owners and in Addition				
312.31	Those Parties Who Have				
312.32	Filed Their Addresses				
312.33	Pursuant to section	Subdivision of		Tax Parcel	Total Tax
312.34	276.041	Section	Section	Number	and Penalty
312.35					\$ cts.
312.36	John Jones (825 Fremont	S.E. 1/4 of S.W. 1/4	10	23101	2.20
312.37	Fairfield, MN 55000)				

313.1 Bruce Smith (2059 Hand That part of N.E. 1/4 21 33211 3.15

313.2 Fairfield, MN 55000) of S.W. 1/4 desc. as

313.3 and Fairfield State follows: Beg. at the

313.4 Bank (100 Main Street S.E. corner of said N.E.

313.5 Fairfield, MN 55000) 1/4 of S.W. 1/4; thence

313.6 N. along the E. line of

313.7 said N.E. 1/4 of S.W.

313.8 1/4 a distance of 600

313.9 ft.; thence W. parallel

313.10 with the S. line of said

313.11 N.E. 1/4 of S.W. 1/4

313.12 a distance of 600 ft.;

313.13 thence S. parallel with

313.14 said E. line a distance of

313.15 600 ft. to S. line of said

313.16 N.E. 1/4 of S.W. 1/4;

313.17 thence E. along said S.

313.18 line a distance of 600 ft.

313.19 to the point of beg.

313.20 As to platted property, the form of heading shall conform to circumstances and be

313.21 substantially in the following form:

313.22 City of (Smithtown)

313.23 Brown's Addition, or Subdivision

313.24 Names (and Current

313.25 Filed Addresses) for

313.26 the Taxpayers and Fee

313.27 Owners and in Addition

313.28 Those Parties Who Have

313.29 Filed Their Addresses

313.30 Pursuant to section

313.31 276.041 Lot Block Tax Parcel Number Total Tax and Penalty

313.32 \$ cts.

313.33 John Jones (825 Fremont 15 9 58243 2.20

313.34 Fairfield, MN 55000)

313.35 Bruce Smith (2059 Hand 16 9 58244 3.15

313.36 Fairfield, MN 55000)

313.37 and Fairfield State

313.38 Bank (100 Main Street

313.39 Fairfield, MN 55000)

313.40 The names, descriptions, and figures employed in parentheses in the above forms are

313.41 merely for purposes of illustration.

313.42 The name of the town, township, range or city, and addition or subdivision, as the

313.43 case may be, shall be repeated at the head of each column of the printed lists as brought

313.44 forward from the preceding column.

313.45 Errors in the list shall not be deemed to be a material defect to affect the validity

313.46 of the judgment and sale.

314.1 **EFFECTIVE DATE.** This section is effective for lists and notices required after
314.2 December 31, 2013.

314.3 Sec. 15. Minnesota Statutes 2012, section 290B.04, subdivision 2, is amended to read:

314.4 Subd. 2. **Approval; recording.** The commissioner shall approve all initial
314.5 applications that qualify under this chapter and shall notify qualifying homeowners on or
314.6 before December 1. The commissioner may investigate the facts or require confirmation
314.7 in regard to an application. The commissioner shall record or file a notice of qualification
314.8 for deferral, including the names of the qualifying homeowners and a legal description
314.9 of the property, in the office of the county recorder, or registrar of titles, whichever is
314.10 applicable, in the county where the qualifying property is located. The notice must state
314.11 that it serves as a notice of lien and that it includes deferrals under this section for future
314.12 years. The commissioner shall prescribe the form of the notice. Execution of the notice
314.13 by the original or facsimile signature of the commissioner or a delegate entitles them to
314.14 be recorded, and no other attestation, certification, or acknowledgment is necessary. The
314.15 homeowner shall pay the recording or filing fees for the notice, which, notwithstanding
314.16 section 357.18, shall be paid by the homeowner at the time of satisfaction of the lien.

314.17 **EFFECTIVE DATE.** This section is effective for notices that are both executed
314.18 and recorded after June 30, 2013.

314.19 Sec. 16. Minnesota Statutes 2012, section 298.01, subdivision 3, is amended to read:

314.20 Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of
314.21 mining, refining, or producing ores, metals, or minerals in this state, except iron ore or
314.22 taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided
314.23 in this subdivision. For purposes of this subdivision, mining includes the application of
314.24 hydrometallurgical processes. Hydrometallurgical processes are processes that extract
314.25 the ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and
314.26 recover the ore, metal, or mineral. The tax is determined in the same manner as the tax
314.27 imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17,
314.28 subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must
314.29 be computed by applying to taxable income the rate of 2.45 percent. A person subject
314.30 to occupation tax under this section shall apportion its net income on the basis of the
314.31 percentage obtained by taking the sum of:

314.32 (1) 75 percent of the percentage which the sales made within this state in connection
314.33 with the trade or business during the tax period are of the total sales wherever made in
314.34 connection with the trade or business during the tax period;

315.1 (2) 12.5 percent of the percentage which the total tangible property used by the
315.2 taxpayer in this state in connection with the trade or business during the tax period is of
315.3 the total tangible property, wherever located, used by the taxpayer in connection with the
315.4 trade or business during the tax period; and

315.5 (3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred
315.6 in this state or paid in respect to labor performed in this state in connection with the trade
315.7 or business during the tax period are of the taxpayer's total payrolls paid or incurred in
315.8 connection with the trade or business during the tax period.

315.9 The tax is in addition to all other taxes.

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

315.11 Sec. 17. Minnesota Statutes 2012, section 298.018, is amended to read:

315.12 **298.018 DISTRIBUTION OF PROCEEDS.**

315.13 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid
315.14 under sections 298.015 and 298.016 on ores, metals, or minerals ~~and energy resources~~
315.15 mined or extracted within the taconite assistance area defined in section 273.1341, shall
315.16 be allocated as follows:

315.17 (1) five percent to the city or town within which the minerals or energy resources
315.18 are mined or extracted;

315.19 (2) ten percent to the taconite municipal aid account to be distributed as provided
315.20 in section 298.282;

315.21 (3) ten percent to the school district within which the minerals or energy resources
315.22 are mined or extracted;

315.23 (4) 20 percent to a group of school districts comprised of those school districts
315.24 wherein the mineral or energy resource was mined or extracted or in which there is a
315.25 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion
315.26 to school district indexes as follows: for each school district, its pupil units determined
315.27 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
315.28 average adjusted net tax capacity per pupil unit for school districts receiving aid under
315.29 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year
315.30 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
315.31 Each district shall receive that portion of the distribution which its index bears to the sum
315.32 of the indices for all school districts that receive the distributions;

315.33 (5) 20 percent to the county within which the minerals or energy resources are
315.34 mined or extracted;

316.1 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be
316.2 distributed as provided in sections 273.134 to 273.136;

316.3 (7) five percent to the Iron Range Resources and Rehabilitation Board for the
316.4 purposes of section 298.22;

316.5 (8) five percent to the Douglas J. Johnson economic protection trust fund; and

316.6 (9) five percent to the taconite environmental protection fund.

316.7 The proceeds of the tax shall be distributed on July 15 each year.

316.8 Subd. 2. **Outside taconite assistance area.** The proceeds of the tax paid under
316.9 sections 298.015 and 298.016 on ores, metals, or minerals ~~and energy resources~~ mined
316.10 or extracted outside of the taconite assistance area defined in section 273.1341, shall
316.11 be deposited in the general fund.

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

316.13 Sec. 18. Minnesota Statutes 2012, section 373.01, subdivision 1, is amended to read:

316.14 Subdivision 1. **Public corporation; listed powers.** (a) Each county is a body politic
316.15 and corporate and may:

316.16 (1) Sue and be sued.

316.17 (2) Acquire and hold real and personal property for the use of the county, and lands
316.18 sold for taxes as provided by law.

316.19 (3) Purchase and hold for the benefit of the county real estate sold by virtue of
316.20 judicial proceedings, to which the county is a party.

316.21 (4) Sell, lease, and convey real or personal estate owned by the county, and give
316.22 contracts or options to sell, lease, or convey it, and make orders respecting it as deemed
316.23 conducive to the interests of the county's inhabitants.

316.24 (5) Make all contracts and do all other acts in relation to the property and concerns
316.25 of the county necessary to the exercise of its corporate powers.

316.26 (b) No sale, lease, or conveyance of real estate owned by the county, except the lease
316.27 of a residence acquired for the furtherance of an approved capital improvement project, nor
316.28 any contract or option for it, shall be valid, without first advertising for bids or proposals in
316.29 the official newspaper of the county for three consecutive weeks and once in a newspaper
316.30 of general circulation in the area where the property is located. The notice shall state the
316.31 time and place of considering the proposals, contain a legal description of any real estate,
316.32 and a brief description of any personal property. Leases that do not exceed \$15,000 for any
316.33 one year may be negotiated and are not subject to the competitive bid procedures of this
316.34 section. All proposals estimated to exceed \$15,000 in any one year shall be considered at

the time set for the bid opening, and the one most favorable to the county accepted, but the county board may, in the interest of the county, reject any or all proposals.

(c) Sales of personal property the value of which is estimated to be \$15,000 or more shall be made only after advertising for bids or proposals in the county's official newspaper, on the county's Web site, or in a recognized industry trade journal. At the same time it posts on its Web site or publishes in a trade journal, the county must publish in the official newspaper, either as part of the minutes of a regular meeting of the county board or in a separate notice, a summary of all requests for bids or proposals that the county advertises on its Web site or in a trade journal. After publication in the official newspaper, on the Web site, or in a trade journal, bids or proposals may be solicited and accepted by the electronic selling process authorized in section 471.345, subdivision 17. Sales of personal property the value of which is estimated to be less than \$15,000 may be made either on competitive bids or in the open market, in the discretion of the county board. "Web site" means a specific, addressable location provided on a server connected to the Internet and hosting World Wide Web pages and other files that are generally accessible on the Internet all or most of a day.

(d) Notwithstanding anything to the contrary herein, the county may, when acquiring real property for county highway right-of-way, exchange parcels of real property of substantially similar or equal value without advertising for bids. The estimated values for these parcels shall be determined by the county assessor.

(e) Notwithstanding anything in this section to the contrary, the county may, when acquiring real property for purposes other than county highway right-of-way, exchange parcels of real property of substantially similar or equal value without advertising for bids. The estimated values for these parcels must be determined by the county assessor or a private appraisal performed by a licensed Minnesota real estate appraiser. For the purpose of determining for the county the estimated values of parcels proposed to be exchanged, the county assessor need not be licensed under chapter 82B. Before giving final approval to any exchange of land, the county board shall hold a public hearing on the exchange. At least two weeks before the hearing, the county auditor shall post a notice in the auditor's office and the official newspaper of the county of the hearing that contains a description of the lands affected.

(f) If real estate or personal property remains unsold after advertising for and consideration of bids or proposals the county may employ a broker to sell the property. The broker may sell the property for not less than 90 percent of its appraised market value as determined by the county. The broker's fee shall be set by agreement with the county but may not exceed ten percent of the sale price and must be paid from the proceeds of the sale.

(g) A county or its agent may rent a county-owned residence acquired for the furtherance of an approved capital improvement project subject to the conditions set by the county board and not subject to the conditions for lease otherwise provided by paragraph (a), clause (4), and paragraphs (b), (c), (d), (f), and (h).

(h) In no case shall lands be disposed of without there being reserved to the county all iron ore and other valuable minerals in and upon the lands, with right to explore for, mine and remove the iron ore and other valuable minerals, nor shall the minerals and mineral rights be disposed of, either before or after disposition of the surface rights, otherwise than by mining lease, in similar general form to that provided by section 93.20 for mining leases affecting state lands. The lease shall be for a term not exceeding 50 years, and be issued on a royalty basis, the royalty to be not less than 25 cents per ton of 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether mineral is removed or not. Prospecting options for mining leases may be granted for periods not exceeding one year. The options shall require, among other things, periodical showings to the county board of the results of exploration work done.

(i) Notwithstanding anything in this subdivision to the contrary, the county may, when selling real property owned in fee simple that cannot be improved because of noncompliance with local ordinances regarding minimum area, shape, frontage, or access, proceed to sell the nonconforming parcel without advertising for bid. At the county's discretion, the real property may be restricted to sale to adjoining landowners or may be sold to any other interested party. The property shall be sold to the highest bidder, but in no case shall the property be sold for less than 90 percent of its fair market value as determined by the county assessor. All owners of land adjoining the land to be sold shall be given a written notice at least 30 days before the sale. This paragraph shall be liberally construed to encourage the sale of nonconforming real property and promote its return to the tax rolls.

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

Sec. 19. **REPEALER.**

Minnesota Statutes 2012, sections 272.69; and 273.11, subdivisions 1a and 22, are repealed.

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

ARTICLE 18

DEPARTMENT OF REVENUE MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 2012, section 16A.46, is amended to read:

16A.46 LOST OR DESTROYED WARRANT DUPLICATE; INDEMNITY.

Subdivision 1. Duplicate warrant. The commissioner may issue a duplicate of an unpaid warrant to an owner if the owner certifies that the original was lost or destroyed. The commissioner may require certification be documented by affidavit. The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the commissioner acts in good faith, the commissioner is not liable, whether the application is granted or denied.

Subd. 2. Original warrant is void. When the duplicate is issued, the original is void. The commissioner may require an indemnity bond from the applicant to the state for double the amount of the warrant for anyone damaged by the issuance of the duplicate. ~~The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the commissioner acts in good faith the commissioner is not liable, whether the application is granted or denied~~ is not liable to any holder who took the void original warrant for value, whether or not the commissioner required an indemnity bond from the applicant.

Subd. 3. Unpaid refund or rebate. For an unpaid refund or rebate issued under a tax law administered by the commissioner of revenue that has been lost or destroyed, an affidavit is not required for the commissioner to issue a duplicate if the duplicate is issued to the same name and Social Security number as the original warrant and that information is verified on a tax return filed by the recipient.

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

Sec. 2. Minnesota Statutes 2012, section 270C.38, subdivision 1, is amended to read:

Subdivision 1. Sufficient notice. (a) If no method of notification of a written determination or action of the commissioner is otherwise specifically provided for by law, notice of the determination or action sent postage prepaid by United States mail to the taxpayer or other person affected by the determination or action at the taxpayer's or person's last known address, is sufficient. If the taxpayer or person being notified is deceased or is under a legal disability, or, in the case of a corporation being notified that has terminated its existence, notice to the last known address of the taxpayer, person, or corporation is sufficient, unless the department has been provided with a new address by a party authorized to receive notices from the commissioner.

(b) If a taxpayer or other person agrees to accept notification by electronic means, notice of a determination or action of the commissioner sent by electronic mail to the taxpayer's or person's last known electronic mailing address as provided for in section 325L.08 is sufficient.

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

320.1 Sec. 3. Minnesota Statutes 2012, section 270C.42, subdivision 2, is amended to read:

320.2 Subd. 2. **Penalty for failure to pay electronically.** In addition to other applicable
320.3 penalties imposed by law, after notification from the commissioner to the taxpayer that
320.4 payments for a tax payable to the commissioner are required to be made by electronic
320.5 means, and the payments are remitted by some other means, there is a penalty in the
320.6 amount of five percent of each payment that should have been remitted electronically.
320.7 After the commissioner's initial notification to the taxpayer that payments are required to
320.8 be made by electronic means, the commissioner is not required to notify the taxpayer in
320.9 subsequent periods if the initial notification specified the amount of tax liability at which a
320.10 taxpayer is required to remit payments by electronic means. The penalty can be abated
320.11 under the abatement procedures prescribed in section 270C.34 if the failure to remit the
320.12 payment electronically is due to reasonable cause. The penalty bears interest at the rate
320.13 specified in section 270C.40 from the ~~due date of the payment of the tax~~ provided in
320.14 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

320.16 Sec. 4. Minnesota Statutes 2012, section 287.385, subdivision 7, is amended to read:

320.17 Subd. 7. **Interest on penalties.** A penalty imposed under this chapter bears interest
320.18 from the date ~~payment was required to be paid, including any extensions,~~ provided in
320.19 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

320.21 Sec. 5. Minnesota Statutes 2012, section 289A.55, subdivision 9, is amended to read:

320.22 Subd. 9. **Interest on penalties.** (a) A penalty imposed under section 289A.60,
320.23 subdivision 1, 2, 2a, 4, 5, 6, or 21 bears interest from the date ~~the return or payment~~
320.24 ~~was required to be filed or paid, including any extensions~~ provided in section 270C.40,
320.25 subdivision 3, to the date of payment of the penalty.

320.26 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
320.27 60 days from the date of notice. In that case interest is imposed from the date of notice
320.28 to the date of payment.

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

320.30 Sec. 6. Minnesota Statutes 2012, section 289A.60, subdivision 4, is amended to read:

321.1 Subd. 4. **Substantial understatement of liability; penalty.** (a) The commissioner
321.2 of revenue shall impose a penalty for substantial understatement of any tax payable to the
321.3 commissioner, except a tax imposed under chapter 297A.

321.4 (b) There must be added to the tax an amount equal to 20 percent of the amount of any
321.5 underpayment attributable to the understatement. There is a substantial understatement of
321.6 tax for the period if the amount of the understatement for the period exceeds the greater of:

321.7 (1) ten percent of the tax required to be shown on the return for the period; or

321.8 (2)(i) \$10,000 in the case of a mining company or a corporation, other than an S
321.9 corporation as defined in section 290.9725, when the tax is imposed by chapter 290 or
321.10 section 298.01 or 298.015, or

321.11 (ii) \$5,000 in the case of any other taxpayer, and in the case of a mining company or
321.12 a corporation any tax not imposed by chapter 290 or section 298.01 or 298.015.

321.13 (c) For a corporation, other than an S corporation, there is also a substantial
321.14 understatement of tax for any taxable year if the amount of the understatement for the
321.15 taxable year exceeds the lesser of:

321.16 (1) ten percent of the tax required to be shown on the return for the taxable year
321.17 (or, if greater, \$10,000); or

321.18 (2) \$10,000,000.

321.19 (d) The term "understatement" means the excess of the amount of the tax required
321.20 to be shown on the return for the period, over the amount of the tax imposed that is
321.21 shown on the return. The excess must be determined without regard to items to which
321.22 subdivision 27 applies. The amount of the understatement shall be reduced by that part of
321.23 the understatement that is attributable to the tax treatment of any item by the taxpayer if
321.24 (1) there is or was substantial authority for the treatment, or (2)(i) any item with respect to
321.25 which the relevant facts affecting the item's tax treatment are adequately disclosed in the
321.26 return or in a statement attached to the return and (ii) there is a reasonable basis for the tax
321.27 treatment of the item. The exception for substantial authority under clause (1) does not
321.28 apply to positions listed by the Secretary of the Treasury under section 6662(d)(3) of the
321.29 Internal Revenue Code. A corporation does not have a reasonable basis for its tax treatment
321.30 of an item attributable to a multiple-party financing transaction if the treatment does not
321.31 clearly reflect the income of the corporation within the meaning of section 6662(d)(2)(B)
321.32 of the Internal Revenue Code. The special rules in cases involving tax shelters provided in
321.33 section 6662(d)(2)(C) of the Internal Revenue Code shall apply and shall apply to a tax
321.34 shelter the principal purpose of which is the avoidance or evasion of state taxes.

321.35 (e) The commissioner may abate all or any part of the addition to the tax provided
321.36 by this section on a showing by the taxpayer that there was reasonable cause for the

322.1 understatement, or part of it, and that the taxpayer acted in good faith. The additional tax
322.2 and penalty shall bear interest ~~at the rate~~ as specified in section 270C.40 ~~from the time~~
322.3 ~~the tax should have been paid~~ until paid.

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

322.5 Sec. 7. Minnesota Statutes 2012, section 296A.01, is amended by adding a subdivision
322.6 to read:

322.7 Subd. 8b. **Biobutanol.** "Biobutanol" means isobutyl alcohol produced by
322.8 fermenting agriculturally generated organic material that is to be blended with gasoline
322.9 and meets either:

322.10 (1) the initial ASTM Standard Specification for Butanol for Blending with Gasoline
322.11 for use as an Automotive Spark-Ignition Engine Fuel once it has been released by ASTM
322.12 for general distribution; or

322.13 (2) in the absence of an ASTM Standard Specification, the following list of
322.14 requirements:

322.15 (i) visually free of sediment and suspended matter;

322.16 (ii) clear and bright at the ambient temperature of 21 degrees Celsius or the ambient
322.17 temperature whichever is higher;

322.18 (iii) free of any adulterant or contaminant that can render it unacceptable for its
322.19 commonly used applications;

322.20 (iv) contains not less than 96 volume percent isobutyl alcohol;

322.21 (v) contains not more than 0.4 volume percent methanol;

322.22 (vi) contains not more than 1.0 volume percent water as determined by ASTM
322.23 standard test method E203 or E1064;

322.24 (vii) acidity (as acetic acid) of not more than 0.007 mass percent as determined
322.25 by ASTM standard test method D1613;

322.26 (viii) solvent washed gum content of not more than 5.0 milligrams per 100 milliliters
322.27 as determined by ASTM standard test method D381;

322.28 (ix) sulfur content of not more than 30 parts per million as determined by ASTM
322.29 standard test method D2622 or D5453; and

322.30 (x) contains not more than 4 parts per million total inorganic sulfate.

322.31 Sec. 8. Minnesota Statutes 2012, section 296A.01, subdivision 19, is amended to read:

322.32 Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally
322.33 derived denatured ethanol and gasoline or natural gasoline that ~~typically~~ contains not more
322.34 than 85 percent ethanol by volume, but at a minimum must contain 60 ~~51~~ percent ethanol by

323.1 volume. For the purposes of this chapter, the energy content of E85 will be considered to be
323.2 82,000 BTUs per gallon. E85 produced for use as a motor fuel in alternative fuel vehicles
323.3 as defined in subdivision 5 must comply with ASTM specification ~~D5798-07~~ D5798-11.

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

323.5 Sec. 9. Minnesota Statutes 2012, section 296A.22, subdivision 1, is amended to read:

323.6 Subdivision 1. **Penalty for failure to pay tax, general rule.** Upon the failure of
323.7 any person to pay any tax or fee when due, a penalty of one percent per day for the first
323.8 ten days of delinquency shall accrue, and thereafter the tax, fees, and penalty shall bear
323.9 interest at the rate specified in section 270C.40 until paid.

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

323.11 Sec. 10. Minnesota Statutes 2012, section 296A.22, subdivision 3, is amended to read:

323.12 Subd. 3. **Operating without license.** If any person operates as a distributor, special
323.13 fuel dealer, bulk purchaser, or motor carrier without first securing the license required
323.14 under this chapter, any tax or fee imposed by this chapter shall become immediately due
323.15 and payable. A penalty of 25 percent is imposed upon the tax and fee due. The tax, and
323.16 fees, and penalty shall bear interest at the rate specified in section 270C.40. The penalty
323.17 imposed in this subdivision shall bear interest from the date provided in section 270C.40,
323.18 subdivision 3, to the date of payment of the penalty.

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

323.20 Sec. 11. Minnesota Statutes 2012, section 297B.11, is amended to read:

323.21 **297B.11 REGISTRAR AS AGENT OF COMMISSIONER OF REVENUE;**
323.22 **POWERS.**

323.23 The state commissioner of revenue is charged with the administration of the
323.24 sales tax on motor vehicles. The commissioner may prescribe all rules not inconsistent
323.25 with the provisions of this chapter, necessary and advisable for the proper and efficient
323.26 administration of the law. The collection of this sales tax on motor vehicles shall be
323.27 carried out by the motor vehicle registrar who shall act as the agent of the commissioner
323.28 and who shall be subject to all rules not inconsistent with the provisions of this chapter,
323.29 that may be prescribed by the commissioner.

323.30 The provisions of chapters 270C, 289A, and 297A relating to the commissioner's
323.31 authority to audit, assess, and collect the tax, and to issue refunds and to hear appeals,

324.1 are applicable to the sales tax on motor vehicles. The commissioner may impose civil
324.2 penalties as provided in chapters 289A and 297A, and the additional tax and penalties
324.3 are subject to interest at the rate provided in section 270C.40 from the date provided in
324.4 section 270C.40, subdivision 3, until paid.

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

324.6 Sec. 12. Minnesota Statutes 2012, section 297E.14, subdivision 7, is amended to read:

324.7 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297E.12,
324.8 subdivision 1, 2, 3, 4, or 5, bears interest from the date ~~the return or payment was required~~
324.9 ~~to be filed or paid, including any extensions~~ provided in section 270C.40, subdivision
324.10 3, to the date of payment of the penalty.

324.11 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
324.12 ten days from the date of notice. In that case interest is imposed from the date of notice
324.13 to the date of payment.

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

324.15 Sec. 13. Minnesota Statutes 2012, section 297F.09, subdivision 9, is amended to read:

324.16 Subd. 9. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~
324.17 ~~imposed in this section,~~ bears interest at the rate specified in section 270C.40 from the
324.18 time such tax should have been paid until paid. The penalty imposed in this section bears
324.19 interest at the rate specified in section 270C.40 from the date provided in section 270C.40,
324.20 subdivision 3, to the date of payment of the penalty. Any interest and penalty is added to
324.21 the tax and collected as a part of it.

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

324.23 Sec. 14. Minnesota Statutes 2012, section 297F.18, subdivision 7, is amended to read:

324.24 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297F.19,
324.25 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~
324.26 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the
324.27 date of payment of the penalty.

324.28 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
324.29 ten days from the date of the notice. In that case interest is imposed from the date of notice
324.30 to the date of payment.

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

325.1 Sec. 15. Minnesota Statutes 2012, section 297G.09, subdivision 8, is amended to read:

325.2 Subd. 8. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~
325.3 ~~imposed by this chapter,~~ bears interest at the rate specified in section 270C.40 from the
325.4 time the tax should have been paid until paid. Any penalty imposed by this chapter bears
325.5 interest from the date provided in section 270C.40, subdivision 3, to the date of payment
325.6 of the penalty. Any interest and penalty is added to the tax and collected as a part of it.

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

325.8 Sec. 16. Minnesota Statutes 2012, section 297G.17, subdivision 7, is amended to read:

325.9 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297G.18,
325.10 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~
325.11 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the
325.12 date of payment of the penalty.

325.13 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
325.14 ten days from the date of the notice. In that case interest is imposed from the date of notice
325.15 to the date of payment.

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

325.17 Sec. 17. Minnesota Statutes 2012, section 297I.80, subdivision 1, is amended to read:

325.18 Subdivision 1. **Payable to commissioner.** (a) When interest is required under this
325.19 section, interest is computed at the rate specified in section 270C.40.

325.20 (b) If a tax or surcharge is not paid within the time named by law for payment, the
325.21 unpaid tax or surcharge bears interest from the date the tax or surcharge should have been
325.22 paid until the date the tax or surcharge is paid.

325.23 (c) Whenever a taxpayer is liable for additional tax or surcharge because of a
325.24 redetermination by the commissioner or other reason, the additional tax or surcharge
325.25 bears interest from the time the tax or surcharge should have been paid until the date the
325.26 tax or surcharge is paid.

325.27 (d) A penalty bears interest from the date ~~the return or payment was required to be~~
325.28 ~~filed or paid~~ provided in section 270C.40, subdivision 3, to the date of payment of the
325.29 penalty.

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

325.31 Sec. 18. Minnesota Statutes 2012, section 469.319, subdivision 4, is amended to read:

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after becoming subject to repayment under this section. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.315.

(b) For the repayment of taxes imposed under chapter 297B, a business must pay any taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of revenue, within 30 days after becoming subject to repayment under this section.

(c) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business and to the taxpayer of record. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The business or the taxpayer of record may appeal the valuation and determination of the property tax to the Tax Court within 30 days after receipt of the tax statement.

(d) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraphs (a) and (b). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40~~5~~. The additional tax shall bear interest from 30 days after becoming subject to repayment under this section until the date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

(e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the auditor provided the statement under paragraph (c).

(f) For determining the tax required to be repaid, a reduction of a state or local sales or use tax is deemed to have been received on the date that the good or service was purchased or first put to a taxable use. In the case of an income tax or franchise tax, including the credit payable under section 469.318, a reduction of tax is deemed to have been received for the two most recent tax years that have ended prior to the date that the business became subject to repayment under this section. In the case of a property tax, a reduction of tax is deemed to have been received for the taxes payable in the year that the business became subject to repayment under this section and for the taxes payable in the prior year.

327.1 (g) The commissioner may assess the repayment of taxes under paragraph (d) any
327.2 time within two years after the business becomes subject to repayment under subdivision
327.3 1, or within any period of limitations for the assessment of tax under section 289A.38,
327.4 whichever period is later. The county auditor may send the statement under paragraph
327.5 (c) any time within three years after the business becomes subject to repayment under
327.6 subdivision 1.

327.7 (h) A business is not entitled to any income tax or franchise tax benefits, including
327.8 refundable credits, for any part of the year in which the business becomes subject to
327.9 repayment under this section nor for any year thereafter. Property is not exempt from tax
327.10 under section 272.02, subdivision 64, for any taxes payable in the year following the year
327.11 in which the property became subject to repayment under this section nor for any year
327.12 thereafter. A business is not eligible for any sales tax benefits beginning with goods
327.13 or services purchased or first put to a taxable use on the day that the business becomes
327.14 subject to repayment under this section.

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

327.16 Sec. 19. Minnesota Statutes 2012, section 469.340, subdivision 4, is amended to read:

327.17 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under
327.18 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must
327.19 file an amended return with the commissioner of revenue and pay any taxes required to be
327.20 repaid within 30 days after ceasing to do business in the zone. The amount required to be
327.21 repaid is determined by calculating the tax for the period or periods for which repayment
327.22 is required without regard to the exemptions and credits allowed under section 469.336.

327.23 (b) For the repayment of property taxes, the county auditor shall prepare a tax
327.24 statement for the business, applying the applicable tax extension rates for each payable
327.25 year and provide a copy to the business. The business must pay the taxes to the county
327.26 treasurer within 30 days after receipt of the tax statement. The taxpayer may appeal the
327.27 valuation and determination of the property tax to the Tax Court within 30 days after
327.28 receipt of the tax statement.

327.29 (c) The provisions of chapters 270C and 289A relating to the commissioner's
327.30 authority to audit, assess, and collect the tax and to hear appeals are applicable to the
327.31 repayment required under paragraph (a). The commissioner may impose civil penalties as
327.32 provided in chapter 289A, and the additional tax and penalties are subject to interest at the
327.33 rate provided in section 270C.40~~5~~. The additional tax shall bear interest from 30 days after
327.34 ceasing to do business in the biotechnology and health sciences industry zone until the

328.1 date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from
 328.2 the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

328.3 (d) If a property tax is not repaid under paragraph (b), the county treasurer shall add
 328.4 the amount required to be repaid to the property taxes assessed against the property for
 328.5 payment in the year following the year in which the treasurer discovers that the business
 328.6 ceased to operate in the biotechnology and health sciences industry zone.

328.7 (e) For determining the tax required to be repaid, a tax reduction is deemed to have
 328.8 been received on the date that the tax would have been due if the taxpayer had not been
 328.9 entitled to the exemption, or on the date a refund was issued for a refundable credit.

328.10 (f) The commissioner may assess the repayment of taxes under paragraph (c) any
 328.11 time within two years after the business ceases to operate in the biotechnology and health
 328.12 sciences industry zone, or within any period of limitations for the assessment of tax under
 328.13 section 289A.38, whichever period is later.

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

328.15 Delete the title and insert:

328.16 "A bill for an act
 328.17 relating to financing of state and local government; making changes to individual
 328.18 income, corporate franchise, property, sales and use, mineral, liquor, tobacco,
 328.19 aggregate materials, local, and other taxes and tax-related provisions; changing
 328.20 provisions for additional revenues and levy recognition; allowing additional
 328.21 depreciation deduction; imposing an income surcharge; allowing an up-front
 328.22 exemption for capital equipment; modifying the definition of income for the
 328.23 property tax refund; decreasing the threshold percentage for the homestead
 328.24 credit refund for homeowners and the property tax refund for renters; increasing
 328.25 the maximum refunds for renters; changing property tax aids and credits;
 328.26 imposing an insurance surcharge; modifying pension aids; providing pension
 328.27 funding; changing provisions of the Sustainable Forest Incentive Act; modifying
 328.28 definitions for property taxes; providing exemptions; creating joint entertainment
 328.29 facilities coordination; imposing a sports memorabilia gross receipts tax;
 328.30 changing tax rates on tobacco and liquor; providing reimbursement for certain
 328.31 property tax abatement; modifying the small business investment tax credit;
 328.32 expanding the definition of domestic corporation to include foreign corporations
 328.33 incorporated in or doing business in tax havens; making changes to additions
 328.34 and subtractions from federal taxable income; changing rates for individuals,
 328.35 estates, and trusts; providing for charitable contributions and veterans jobs tax
 328.36 credits; changing corporate franchise tax rate; modifying estate tax exclusions
 328.37 for qualifying small business and farm property; imposing a gift tax; expanding
 328.38 the sales tax to include suite and box seat rentals; modifying the definition
 328.39 of sales and purchase; changing the tax rate and modifying provisions for the
 328.40 rental motor vehicle tax; modifying nexus provisions; providing for multiple
 328.41 points of use certificates; modifying exemptions; authorizing local sales taxes;
 328.42 authorizing economic development powers; providing authority, organization,
 328.43 powers, and duties for development of a Destination Medical Center; authorizing
 328.44 state infrastructure aid; imposing a tax on extraction and processing of fracturing
 328.45 sand; providing a taconite production tax grant for water supply improvements;
 328.46 authorizing taconite production tax bonds for grants to school districts; modifying
 328.47 and providing provisions for public finance; modifying the definition of market
 328.48 value for tax, debt, and other purposes; making conforming, policy, and technical

329.1 changes to tax provisions; requiring studies and reports; appropriating money;
 329.2 amending Minnesota Statutes 2012, sections 16A.152, subdivision 2; 16A.46;
 329.3 38.18; 40A.15, subdivision 2; 69.011, subdivision 1; 69.021, subdivisions 7,
 329.4 8, by adding a subdivision; 88.51, subdivision 3; 103B.102, subdivision 3;
 329.5 103B.245, subdivision 3; 103B.251, subdivision 8; 103B.335; 103B.3369,
 329.6 subdivision 5; 103B.635, subdivision 2; 103B.691, subdivision 2; 103C.501,
 329.7 subdivision 4; 103D.905, subdivisions 2, 3, 8; 103F.405, subdivision 1;
 329.8 116J.8737, subdivisions 1, 2, 8; 117.025, subdivision 7; 118A.04, subdivision
 329.9 3; 118A.05, subdivision 5; 123A.455, subdivision 1; 123B.75, subdivision
 329.10 5; 126C.48, subdivision 8; 127A.45, subdivision 2; 127A.48, subdivision 1;
 329.11 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4; 163.04, subdivision
 329.12 3; 163.06, subdivision 6; 165.10, subdivision 1; 168.012, subdivision 9, by
 329.13 adding a subdivision; 216C.436, subdivision 7; 237.52, subdivision 3, by adding
 329.14 a subdivision; 270.077; 270.41, subdivision 5; 270B.01, subdivision 8; 270B.12,
 329.15 subdivision 4; 270C.34, subdivision 1; 270C.38, subdivision 1; 270C.42,
 329.16 subdivision 2; 270C.56, subdivision 1; 271.06, by adding a subdivision; 272.01,
 329.17 subdivision 2; 272.02, subdivisions 39, 97, by adding subdivisions; 272.03,
 329.18 subdivision 9, by adding subdivisions; 273.032; 273.11, subdivision 1, by adding
 329.19 a subdivision; 273.114, subdivision 6; 273.124, subdivisions 3a, 13; 273.13,
 329.20 subdivisions 21b, 23, 25; 273.1398, subdivisions 3, 4; 273.19, subdivision 1;
 329.21 273.372, subdivision 4; 273.39; 275.011, subdivision 1; 275.077, subdivision 2;
 329.22 275.71, subdivision 4; 276.04, subdivision 2; 276A.01, subdivisions 10, 12, 13,
 329.23 15; 276A.06, subdivision 10; 279.01, subdivision 1, by adding a subdivision;
 329.24 279.02; 279.06, subdivision 1; 287.05, by adding a subdivision; 287.08; 287.20,
 329.25 by adding a subdivision; 287.23, subdivision 1; 287.385, subdivision 7; 289A.02,
 329.26 subdivision 7; 289A.08, subdivisions 1, 3, 7; 289A.10, subdivision 1, by adding
 329.27 a subdivision; 289A.12, subdivision 14, by adding a subdivision; 289A.18, by
 329.28 adding a subdivision; 289A.20, subdivisions 3, 4, by adding a subdivision;
 329.29 289A.26, subdivisions 3, 4, 7, 9; 289A.55, subdivision 9; 289A.60, subdivision
 329.30 4; 290.01, subdivisions 5, 19, as amended, 19a, 19b, 19c, 19d, 31, as amended,
 329.31 by adding subdivisions; 290.06, subdivisions 2c, 2d, by adding subdivisions;
 329.32 290.067, subdivisions 1, 2a; 290.0671, subdivision 1; 290.0675, subdivision 1;
 329.33 290.0677, subdivision 2; 290.068, subdivisions 3, 6a; 290.0681, subdivisions 1,
 329.34 3, 4, 5; 290.091, subdivision 2; 290.0921, subdivision 3; 290.0922, subdivision
 329.35 1; 290.17, subdivision 4; 290.21, subdivision 4; 290.9705, subdivision 1;
 329.36 290A.03, subdivisions 3, 15, as amended; 290A.04, subdivisions 2, 2a, 4;
 329.37 290B.04, subdivision 2; 290C.02, subdivision 6; 290C.05; 290C.07; 291.005,
 329.38 subdivision 1; 291.03, subdivisions 1, 8, 9, 10, 11, by adding a subdivision;
 329.39 296A.01, subdivision 19, by adding a subdivision; 296A.22, subdivisions 1, 3;
 329.40 297A.61, subdivisions 3, 4, by adding a subdivision; 297A.64, subdivisions
 329.41 1, 2; 297A.66, by adding a subdivision; 297A.665; 297A.668, by adding
 329.42 a subdivision; 297A.67, subdivision 7; 297A.68, subdivision 5; 297A.70,
 329.43 subdivisions 4, 8, by adding subdivisions; 297A.71, by adding subdivisions;
 329.44 297A.75, subdivisions 1, 2, 3; 297A.815, subdivision 3; 297B.11; 297E.021,
 329.45 subdivision 2; 297E.14, subdivision 7; 297F.01, subdivisions 3, 19, 23, by
 329.46 adding a subdivision; 297F.05, subdivisions 1, 3, 4, by adding a subdivision;
 329.47 297F.09, subdivision 9; 297F.18, subdivision 7; 297F.24, subdivision 1; 297F.25,
 329.48 subdivision 1; 297G.03, subdivision 1, by adding a subdivision; 297G.04;
 329.49 297G.09, subdivision 8; 297G.17, subdivision 7; 297I.05, subdivisions 7, 11, 12;
 329.50 297I.30, subdivisions 1, 2; 297I.80, subdivision 1; 298.01, subdivisions 3, 3b,
 329.51 4; 298.018; 298.227, as amended; 298.24, subdivision 1; 298.28, subdivisions
 329.52 4, 6, 10; 298.75, subdivision 2; 325D.32, subdivision 2; 353G.08, subdivision
 329.53 2; 365.025, subdivision 4; 366.095, subdivision 1; 366.27; 368.01, subdivision
 329.54 23; 368.47; 370.01; 373.01, subdivisions 1, 3; 373.40, subdivisions 1, 2, 4;
 329.55 375.167, subdivision 1; 375.18, subdivision 3; 375.555; 383B.152; 383B.245;
 329.56 383B.73, subdivision 1; 383D.41, by adding a subdivision; 383E.20; 383E.23;
 329.57 385.31; 394.36, subdivision 1; 398A.04, subdivision 8; 401.05, subdivision 3;
 329.58 403.02, subdivision 21, by adding subdivisions; 403.06, subdivision 1a; 403.11,

330.1 subdivision 1, by adding a subdivision; 410.32; 412.221, subdivision 2; 412.301;
330.2 428A.02, subdivision 1; 430.102, subdivision 2; 447.10; 450.19; 450.25;
330.3 458A.10; 458A.31, subdivision 1; 465.04; 469.033, subdivision 6; 469.034,
330.4 subdivision 2; 469.053, subdivisions 4, 4a, 6; 469.071, subdivision 5; 469.107,
330.5 subdivision 1; 469.169, by adding a subdivision; 469.176, subdivisions 4c, 4g,
330.6 6; 469.177, by adding a subdivision; 469.180, subdivision 2; 469.187; 469.190,
330.7 subdivision 7, by adding a subdivision; 469.206; 469.319, subdivision 4; 469.340,
330.8 subdivision 4; 471.24; 471.571, subdivisions 1, 2; 471.73; 473.325, subdivision
330.9 2; 473.39, by adding a subdivision; 473.629; 473.661, subdivision 3; 473.667,
330.10 subdivision 9; 473.671; 473.711, subdivision 2a; 473F.02, subdivisions 12, 14,
330.11 15, 23; 473F.08, subdivision 10, by adding a subdivision; 475.521, subdivisions 1,
330.12 2, 4; 475.53, subdivisions 1, 3, 4; 475.58, subdivisions 2, 3b; 475.73, subdivision
330.13 1; 477A.011, subdivisions 20, 30, 32, 34, 42, by adding subdivisions; 477A.0124,
330.14 subdivision 2; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.03,
330.15 subdivisions 2a, 2b, by adding a subdivision; 641.23; 641.24; 645.44, by adding
330.16 a subdivision; Laws 1971, chapter 773, section 1, subdivision 2, as amended;
330.17 Laws 1988, chapter 645, section 3, as amended; Laws 1993, chapter 375, article
330.18 9, section 46, subdivisions 2, as amended, 5, as amended; Laws 1998, chapter
330.19 389, article 8, section 43, subdivisions 1, 3, as amended, 5, as amended; Laws
330.20 1999, chapter 243, article 6, section 11; Laws 2002, chapter 377, article 3, section
330.21 25, as amended; Laws 2005, First Special Session chapter 3, article 5, section
330.22 37, subdivisions 2, 4; Laws 2008, chapter 366, article 5, sections 26; 33; 34, as
330.23 amended; article 7, section 19, subdivision 3, as amended; Laws 2010, chapter
330.24 216, section 55; Laws 2010, chapter 389, article 1, section 12; article 5, section 6,
330.25 subdivisions 4, 6; Laws 2010, First Special Session chapter 1, article 13, section 4,
330.26 subdivision 1, as amended; proposing coding for new law in Minnesota Statutes,
330.27 chapters 116C; 287; 290; 290A; 292; 295; 297I; 403; 435; 469; proposing coding
330.28 for new law as Minnesota Statutes, chapter 297J; repealing Minnesota Statutes
330.29 2012, sections 16A.725; 256.9658; 272.69; 273.11, subdivisions 1a, 22; 276A.01,
330.30 subdivision 11; 289A.60, subdivision 31; 290.01, subdivision 6b; 290.06,
330.31 subdivision 22a; 290.0672; 290.0921, subdivision 7; 383A.80, subdivision 4;
330.32 383B.80, subdivision 4; 428A.101; 428A.21; 473F.02, subdivision 13; 477A.011,
330.33 subdivisions 2a, 19, 21, 29, 31, 32, 33, 36, 39, 40, 41, 42; 477A.013, subdivisions
330.34 11, 12; 477A.0133; 477A.0134; Laws 2006, chapter 259, article 11, section 3, as
330.35 amended; Laws 2009, chapter 88, article 4, section 23, as amended."