

# Chapter 64

2023 Regular Session

Subject Tax policy and finance bill

Bill H.F. 1938

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## Article 1: Individual Income and Corporate Franchise Taxes

This article makes several changes related to individual income and corporate franchise taxes, including:

- establishing a Minnesota child tax credit and restructuring the state’s existing working family credit;
- allowing a onetime refundable rebate credit of \$260 for single filers, \$520 for married joint filers, and \$260 per dependent for up to three dependents. The credit would be retroactive to tax year 2021;
- expanding the state’s Social Security subtraction and establishing a subtraction for so-called “basic pension” plans which are based on service which does not qualify for Social Security;
- increasing the phaseout rate for individual itemized deductions and the standard deduction;
- expanding the corporate franchise tax base (by repealing the subtraction for GILTI, and modifying the corporate NOL and dividend received deductions);
- establishing, extending, and modifying various business credits (beginning farmer credit, film credit, angel investment credit, historic structure credit, manufactured home park credit, and short line railroad credit);
- adding a one percent tax on net investment income in excess of \$1,000,000; and
- modifying the PTE tax by allowing 100 percent of a resident partner’s income to be used in determining the tax and allowing tiered pass-throughs to elect the tax.

Section	Description – Article 1: Individual Income and Corporate Franchise Taxes
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1	<b>Definitions (beginning farmer credit).</b>
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Provides conforming changes to the provisions in section 2 relating to the family member exclusion and increased credit rate for emerging farmers.

**Effective date:** Tax year 2023 and thereafter.

2	<b>Tax credit for owners of agricultural assets (beginning farmer credit).</b>
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Increases the credit rate from five percent to eight percent (or 12 percent for emerging farmers), and the maximum credit from \$32,000 to \$50,000 respectively. Allows sales of agricultural land among family members.

**Effective date:** Tax year 2023 and thereafter.

3	<b>Authority duties (beginning farmer credit).</b>
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Increases the allocation to the credit for tax year 2023 from \$5,000,000 to \$6,500,000 and reduces the allocation for tax years after 2023 from \$6,000,000 to \$4,000,000. Allocated amounts prior to tax year 2023 are canceled and are not

**Section Description – Article 1: Individual Income and Corporate Franchise Taxes**

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allocated to future years. Establishes a priority allocation of 50 percent for emerging farmers.

**Effective date:** Tax year 2023 and thereafter.

**4 Report to legislature (beginning farmer credit).**

Modifies the reporting requirement to require a report from the Rural Finance Authority on the credit by January 1, 2024, to collect race and ethnicity data on beginning farmers, and the number of farmers who are emerging farmers.

**Effective date:** Day following final enactment.

**5 Sunset (beginning farmer credit).**

Expires the credit beginning in tax year 2031.

**Effective date:** Day following final enactment.

**6 Credit allowed (angel investment credit).**

Allocates \$5,000,000 to the credit for tax years 2023 and 2024.

**Effective date:** Tax year 2023 and later.

**7 Sunset (angel investment credit).**

Expires the credit beginning tax year 2025.

**Effective date:** Day following final enactment.

**8 Definitions (film credit).**

Allows the \$1,000,000 expense requirement to apply in any 12-month period instead of in a taxable year and makes administrative changes.

**Effective date:** Tax year 2023 and thereafter.

**9 Applications; allocations (film credit).**

Increases the allocation from \$4,950,000 per year to \$24,950,000 per year. Makes administrative changes.

**Effective date:** Tax year 2023 and thereafter.

**10 Sunset (film credit).**

Expires the credit beginning in tax year 2031.

**Effective date:** Allocation certificates issued after 2023.

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- 11 Sexual harassment or abuse settlement; payment as severance or wages prohibited.**  
Prohibits sexual harassment and abuse settlements between employees and employers from being provided as wages or severance.  
**Effective date:** Day following final enactment.
- 12 Composite income tax returns for nonresident partners, shareholders, and beneficiaries.**  
Provides a conforming change related to the recodification of the definition of “income” for composite return filers in section 16.  
**Effective date:** Tax years in 2023 and thereafter.
- 13 Composite income tax returns for nonresident partners, shareholders, and beneficiaries.**  
Makes a conforming change related to the composite return filing statute due to the establishment of the net investment income tax in section 30.  
**Effective date:** Tax year 2024 and thereafter.
- 14 Pass-through entity tax (PTE tax).**  
Provides that 100 percent of a resident qualifying owner’s income is used to determine the amount of PTE tax imposed. Makes clarifying changes related to LLCs and S corporations. Allows a qualifying entity to have other pass-through entities as owners. Allows single-member LLCs to be qualifying owners. Eliminates the requirement that a qualifying owner’s taxes must be limited by the SALT deduction cap but expires the PTE tax when the cap expires federally. Clarifies the election requirements for nonqualifying owners and the ownership requirements. Makes a conforming change for the net investment tax under section 30.  
**Effective date:** Tax year 2023 and thereafter.
- 15 Reporting and payment requirements for partnerships and tiered partners.**  
Requires a partnership audited at the partnership level federally and that is subject to the PTE tax to make adjustments to the PTE tax return based on the audit.  
**Effective date:** Retroactive to tax year 2021 and thereafter.
- 16 Net income.**  
Recodifies the definition of net income for purposes of composite returns and the PTE tax.

**Section Description – Article 1: Individual Income and Corporate Franchise Taxes**

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**Effective date:** Tax year 2023 and thereafter.

**17 Adjusted gross income: federal adjusted gross income.**

For purposes of income tax subtractions and credits, requires that FAGI not include the federal deduction for PTE tax paid.

**Effective date:** Tax year 2023 and thereafter.

**18 Itemized deduction limitation.**

Modifies the state limitation on itemized deductions to increase the phaseout rate. The phaseout does not apply to itemized deductions for investment interest, medical expenses, or casualty losses.

In addition to the existing phaseout on itemized deductions—a reduction by three percent of the taxpayer’s adjusted gross income (AGI) in excess of \$220,650—for taxpayers with AGI above \$304,970, itemized deductions would phase a faster phaseout rate of ten percent. In other words, a taxpayer’s itemized deductions would be reduced by three percent of adjusted gross income between \$220,650 and \$304,970 and ten percent of adjusted gross income above \$304,970. For married separate taxpayers, the two tiers of the phaseout would start at one-half the amounts for other taxpayers.

In addition, taxpayers with adjusted gross income above \$1,000,000 would face an immediate 80 percent reduction in their itemized deductions. The \$1,000,000 limitation applies to all taxpayers regardless of filing status.

The \$220,650 and \$304,970 limitations would be indexed for inflation, and the \$1,000,000 limitation would not.

**Effective date:** Tax year 2023 and later.

**19 Standard deduction limitation.**

Modifies the state phaseout of the standard deduction in a manner consistent with the treatment of itemized deductions. The parameters for the standard deduction phaseout are identical to the phaseout for itemized deductions described in section 18.

**Effective date:** Tax year 2023 and later.

**20 Standard deduction limitation inflation adjustment.**

Conforming change to modify the inflation adjustment for the standard deduction phaseout.

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**Effective date:** Tax year 2023 and later.

**21 Foreign-derived intangible income (GILTI).**

Provides that all deductions under section 250 of the Internal Revenue Code are disallowed, including the federal deduction for global intangible low-taxed income (GILTI).

**Effective date:** Tax year 2023 and thereafter.

**22 Education expenses.**

Makes a conforming technical change to the education expense subtraction, to reflect the new location of the definition of “education-related expenses” in the Minnesota education credit section of statute (290.0674).

**Effective date:** Tax year 2023 and later.

**23 Student loan discharges.**

Permanently adopts (for taxable years after 2025) the American Rescue Plan Act (ARPA) exclusion for discharged student loans, by allowing a subtraction for discharged student loans which would qualify under the ARPA exclusion.

**Effective date:** Tax year 2023 and later.

**24 Social Security subtraction.**

Expands Minnesota’s Social Security subtraction to allow taxpayers with adjusted gross income below \$100,000 (for married joint returns) or \$78,000 (for single or head of household returns) to subtract the full amount of the taxpayer’s taxable Social Security benefits. This change also switches the measure of income used to phase out the subtraction from provisional income to adjusted gross income.

The subtraction would be phased down by ten percent for each \$4,000 of adjusted gross income in excess of the phaseouts mentioned above (for married joint taxpayers the phasedown is ten percent for each \$2,000 of AGI). The thresholds would be indexed for inflation.

The subtraction would be fully phased out at \$136,001 of AGI for married joint filers and \$114,001 for single and head of household filers.

The law also allows taxpayers to continue to claim the state subtraction amounts allowed under the state’s previous version of the subtraction, if those amounts are greater than the new “simplified” approach established in the bill. The amounts for the old law version of the subtraction are not indexed for inflation.

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- Effective date:** Tax year 2023 and later.
- 25     **Deferred foreign income.**  
Makes a clarifying change to the subtraction for section 965 income (deemed repatriation) established in the 2019 conformity bill to the Tax Cuts And Jobs Act (TCJA).  
**Effective date:** Day following final enactment.
- 26     **Qualified retirement benefits subtraction.**  
Establishes a subtraction for a portion of public pension benefits. The subtraction would apply to pension benefits that were earned based on service for which the member or survivor did not earn Social Security benefits. The subtraction would apply to state or federal pension plans whose members do not qualify for Social Security benefits. The bill defines these benefits as “qualified benefits.”  
  
The subtraction is limited to \$25,000 for married joint filers, and \$12,500 for other filers. The subtraction is phased out beginning at \$100,000 of AGI for married joint filers and \$78,000 for single and head of household filers. The subtraction is reduced by ten percent for each \$2,000 of adjusted gross income above those thresholds.  
  
The subtraction would be fully phased out at \$118,001 of AGI for married joint filers and \$96,001 for single and head of household filers.  
**Effective date:** Tax year 2023 and later.
- 27     **Damages for sexual harassment or abuse.**  
Provides a subtraction for damage awards for sexual harassment or abuse.  
**Effective date:** Tax year 2023 and thereafter.
- 28     **Special deductions.**  
Makes a clarifying change to the addition for section 965 income (deemed repatriation) established in the 2019 TCJA conformity bill.  
**Effective date:** Tax year 2023 and thereafter.
- 29     **Deferred foreign income.**  
Makes a clarifying change to the addition for section 965 income (deemed repatriation) established in the 2019 TCJA conformity bill.  
**Effective date:** Day following final enactment.

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**30 Net investment income tax.**

Establishes an additional tax on the “net investment income” (NIIT) of individuals, estates, and trusts. The tax equals one percent of net investment income above \$1,000,000. The income definition used by the tax is the same as the 3.8 percent federal tax on net investment income in excess of \$250,000.

Net investment income includes:

- Interest
- Dividends
- Long- and short-term capital gains
- Rental and royalty income
- Nonqualified annuities
- Income from businesses involved in trading of financial instruments or commodities
- Certain passive business income

The amount of the tax is apportioned based on the share of the taxpayer’s net investment income that is attributable to Minnesota.

**Effective date:** Tax year 2024 and later.

**31 Refund of contributions to political parties and candidates.**

Increases the maximum political contribution refund to \$75 for individuals and \$150 for married couples filing jointly. The old law maximums were \$50 and \$100, respectively.

**Effective date:** Contributions made after January 1, 2024.

**32 Pass-through entity tax paid to another state.**

Allows a credit for taxes paid to other states for the PTE tax, due to the resident allocation changes in section 14.

**Effective date:** Tax year 2023 and thereafter.

**33 Film production credit.**

Expires the film credit beginning in tax year 2031.

**Effective date:** Day following final enactment.

**34 Minnesota child tax credit.**

Establishes a refundable state child tax credit equal to \$1,750 per child, with no limit on the number of eligible children. The credit would apply to “qualifying children,” as



**Section Description – Article 1: Individual Income and Corporate Franchise Taxes**

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defined in federal law for the federal earned income credit, except it applies to children 17 and younger only and children without a Social Security number would be eligible.

The credit would be phased out jointly with the restructured working family credit. The combined amount of both credits would be reduced by 12 percent of adjusted gross income or earned income (whichever is greater) in excess of \$35,000 for married couples filing joint returns and \$29,500 for single and head of household filers.

Part-year residents would be eligible based on their residency percentage.

The phaseouts and credit amount would be indexed for inflation, but the inflation adjustments are structured differently. The phaseouts would be increased beginning in tax year 2024 and rounded to the nearest \$10. The credit amount would be increased beginning in tax year 2026 and would be rounded to the nearest \$60.

The law additionally allows the commissioner of revenue to establish a process to allow taxpayers to elect to receive regular advance payments of the credit.

**Effective date:** Tax year 2023 and later.

**35 Dependent care credit.**

Allows unmarried taxpayers to claim the “newborn” dependent care credit. The newborn credit deems taxpayers to have the maximum amount of dependent care expenses eligible for the credit if they had a child younger than one at the close of the taxable year.

**Effective date:** Tax year 2023 and later.

**36 Minnesota working family credit.**

Restructures the Minnesota working family credit. Under the law, the working family credit would equal four percent of earned income up to \$8,750, for a maximum credit of \$350. The credit would be increased by specified amounts for taxpayers with a qualifying child who is 18-24, and therefore too old to qualify for the Minnesota child credit in section 34 of the bill. The law defines these children as “qualifying older children.”

The law additionally allows taxpayers without a Social Security number (who file their returns with an individual taxpayer identification number (ITIN)) to file and claim the credit.

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The credit is increased by \$925 for taxpayers with one qualifying older child, \$2,100 for taxpayers with two qualifying older children, and \$2,500 for taxpayers with three qualifying older children.

The credit would be phased down jointly with the child credit in section 34 of the bill. However, for taxpayers with one or more qualifying older children, but no children that qualify for the child credit, the phaseout rate is reduced to nine percent from 12 percent.

The per-child credit amounts and amount of earned income eligible for the credit would be indexed for inflation.

**Effective date:** Tax year 2023 and later.

**37 Minnesota education credit.**

Makes the following changes to the Minnesota education credit:

- Changes the income definition used to calculate the credit to adjusted gross income. Under old law, the credit was calculated using a definition of income that was broader than AGI and included certain categories of nontaxable income.
- Increases the starting point for the credit phaseout from \$33,500 to \$70,000.
- Increases the maximum credit from \$1,000 to \$1,500 per child.
- Indexes for inflation the phaseout starting point.

The bill also makes technical changes to the definition of “education-related expenses,” which are intended to clarify and simplify the definition in current law without changing its meaning.

**Effective date:** Tax year 2023.

**38 Credit allowed; current military service.**

Makes the credit for military service available per calendar year, not taxable year.

**Effective date:** Tax year 2023.

**39 Sunset (historic structure rehabilitation credit).**

Expires the historic structure credit beginning in tax year 2031.

**Effective date:** Tax year 2023.

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- 40     **Credit for sales of manufactured home parks to cooperatives.**  
Provides a tax credit equal to five percent of the sale price of a manufactured home park sold to a manufactured home park cooperative, to the seller of the park. A five-year credit carryover is allowed and the credit sunsets beginning in tax year 2031.  
**Effective date:** Tax year 2023 and thereafter.
- 41     **Short line railroad infrastructure modernization credit.**  
Establishes a credit for railroads for certain railroad infrastructure expenses equal to the lesser of 50 percent of those expenses or \$3,000 per mile of track. A five-year credit carryover is allowed, and the credit would be transferable. The credit sunsets beginning in tax year 2031.  
**Effective date:** Tax year 2023 and thereafter.
- 42     **Definitions (alternative minimum tax).**  
Adds subtractions to the individual alternative minimum tax to account for the new “qualified retirement benefits” subtraction and the subtraction for sexual harassment settlements.  
**Effective date:** Tax year 2023.
- 43     **Definitions (alternative minimum tax).**  
Clarifies that the individual alternative minimum tax is calculated relative to the regular individual income tax (excluding the tax on net investment income).  
**Effective date:** Taxable years beginning after December 31, 2023.
- 44     **Defined and limited (corporate net operating losses).**  
Reduces the maximum net operating loss deduction in a taxable year for corporations, from 80 percent to 70 percent of taxable net income.  
**Effective date:** Tax year 2023 and thereafter.
- 45     **Dividends received from another corporation.**  
Reduces the dividend received deduction for corporations from 80 percent of the dividend received to 50 percent, for dividends received from corporations that are 20 percent or more owned by the receiving corporation, and from 70 percent to 40 percent for corporations that are less than 20 percent owned.  
**Effective date:** Tax year 2023 and thereafter.

**Section Description – Article 1: Individual Income and Corporate Franchise Taxes**

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**46 Controlled foreign corporations.**

Provides a clarifying change for the treatment of subpart F income.

**Effective date:** Day following final enactment.

**47 Global intangible low-taxed income (GILTI).**

Provides that GILTI (which is subject to tax due to the repealer of the subtractions for this income in section 53) is dividend income.

**Effective date:** Tax year 2023.

**48 Short line railroad infrastructure modernization credit (insurance premiums tax).**

Allows the short line credit established in section 41 to be claimed against the premium tax.

**Effective date:** Tax year 2023 and thereafter.

**49 Onetime refundable tax credit payment.**

**Subd. 1. Credit allowed; eligibility.** Allows a onetime refundable credit payment, effective retroactively for tax year 2021.

The credit amount is \$520 for a married joint taxpayer and \$260 for a single filer, head of household, or married taxpayer filing a separate return.

The credit amount is increased by \$260 per dependent, up to a maximum additional amount of \$780 (for three dependents).

The credit is limited to taxpayers with AGI below \$150,000 (for married joint returns) and \$75,000 (for other returns).

The credit is limited to individuals who:

- Were full- or part-year residents for tax year 2021.
- Were not claimed as dependents on another return.
- Filed a 2021 individual income tax return or property tax refund return (payable in 2022) prior to December 31, 2022.

The credit is fully refundable.

Credits for part-year residents are apportioned based on their residency percentage.

**Section Description – Article 1: Individual Income and Corporate Franchise Taxes**

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The act permits the Department of Revenue (DOR) to contract with a third party to administer the credit.

**Subd. 2. Adjustments.** Permits DOR to recover overpayments of credits, and pay credits to any eligible taxpayer who did not receive a credit. Provides that normal tax enforcement rules apply to the credit.

**Subd. 3. Definitions.** Provides that the income tax definitions in chapter 290 apply to the credit.

**Subd. 4. Data classification.** Allows DOR to share nonpublic data or private data on individuals with vendors used to administer the credit.

**Subd. 5. Credit not subject to recapture.** Excludes the credit from revenue recapture.

**Subd. 6. Not income.** Specifies that the credit is not income for the purposes of certain public programs, including child care assistance, general assistance, housing support, the Minnesota family investment program and diversional work program, economic assistance programs, and medical assistance.

**Subd. 7. Contracting with private vendors.** Exempts DOR from procurement rules related to the administration of the credit. Permits DOR to take “any actions the commissioner deems necessary to make payments.”

**Subd. 8. Appropriation.** Appropriates the amount necessary to make refunds based on the credit. Appropriates \$1,000,000 to DOR in fiscal year 2023 to administer the credit payments. Appropriates \$21,000,000 to DOR in fiscal year 2024 to administer the payments.

**Effective date:** Retroactively for tax year 2021.

50 **Historic structure credit; special provision.**

Allows rehabilitation projects that started after the credit expired to apply for and potentially receive the credit if they apply for an allocation certificate before August 30, 2023.

**Effective date:** Day following final enactment.

51 **Revival and reenactment of expired provisions.**

Revives and reenacts the expired angel and historic structure credits.

**Section Description – Article 1: Individual Income and Corporate Franchise Taxes**

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**Effective date:** The angel credit revival is effective for tax year 2023 and thereafter and the historic structure credit revival is effective for applications for allocation certificates submitted after June 30, 2022.

**52 Subtraction; certain unemployment compensation.**

Provides a subtraction for unemployment compensation received by certain teenage employees due to a Minnesota Court of Appeals decision.

**Effective date:** Retroactively for tax year 2021 only.

**53 Repealer.**

Repeals the following subdivisions:

- 290.01, subdivision 19i: Repeals an unnecessary definition of deferred foreign income established in the 2019 TCJA conformity bill.
- 290.0131, subdivision 18 : Repeals an unnecessary addition for the federal section 250 deduction established in the 2019 TCJA conformity bill.
- 290.0132, subdivision 28 (GILTI subtraction): Repeals the subtraction for GILTI, for individual shareholders.
- 290.0134, subdivision 17 (GILTI subtraction): Repeals the subtraction for GILTI, for corporate shareholders.

**Effective date:** Tax year 2023 and thereafter.

## **Article 2: Conformity**

This article adopts the federal Internal Revenue Code, as amended through March 1, 2023, which incorporates the changes in the SECURE 2.0 Act for state purposes.

In addition, this article makes changes to the federal conformity bill that is Laws 2023, chapter 1, by modifying the residency percentage calculation retroactively to include certain additions and subtractions enacted in that bill and by repealing the subtraction for excess business losses beginning in 2026.

SECURE 2.0 includes a number of broad changes to the way the Internal Revenue Code taxes retirement savings and income. Many of these changes do not affect state liability at all. Others affect liability by changing taxpayer behavior rather than the definition of taxable income—those changes were incorporated into the February forecast as a forecast adjustment. The changes the Department of Revenue has identified as having an effect on state liabilities are as follows:

SECURE 2.0 Section	Provision Summary
114	<p><b>Deferral of tax for sales of employer stock to employee stock ownership plan sponsored by an S corporation</b></p> <p>Under current law, an individual who owns stock of a nonpublicly traded C corporation and sells the stock to an employee stock ownership plan (ESOP) may defer the recognition of the gain on the sale under certain conditions. SECURE 2.0 expands this treatment to certain S corporation ESOPs.</p>
115	<p><b>Withdrawals for certain emergency expenses</b></p> <p>Allows individuals to take penalty-free distributions from tax-preferred retirement accounts to pay for “unforeseeable or immediate financial needs relating to personal or family emergency expenses.” Only one distribution per year of up to \$1,000 is allowed, and individuals may repay the distribution within three years. If a taxpayer makes such a repayment, the distribution is treated as a rollover distribution and not subject to tax.</p>
116	<p><b>Allow additional nonelective contributions to simple retirement accounts</b></p> <p>Under current law, employer contributions to SIMPLE retirement accounts are limited to two percent of compensation or three percent of employee elective deferral contributions. SECURE 2.0 allows employers to make additional contributions, up to the lesser of ten percent of compensation or \$5,000.</p>
126	<p><b>Special rules for certain distributions from long-term qualified tuition programs (529 plans) to Roth IRAs</b></p> <p>Allows beneficiaries of a section 529 qualified tuition plan to make tax- and penalty-free rollovers from the 529 plan to a Roth IRA.</p>
307	<p><b>Onetime election for qualified charitable distribution to split-interest entity; increase in qualified charitable distribution limitation</b></p> <p>Allows a onetime \$50,000 charitable distribution from an IRA to a “split-interest” entity, which the bill defines as certain charitable remainder annuity trusts, certain charitable remainder unitrusts, or certain charitable gift annuities. The bill also indexes for inflation the \$100,000 limitation on qualified charitable distributions.</p>
309	<p><b>Exclusion of disability-related first responder retirement payments</b></p> <p>Beginning in TY 2027, excludes from gross income certain service-connected disability pension payments. The exclusion applies to service as a law enforcement officer, firefighter, paramedic, or emergency medical technician.</p>
331	<p><b>Special rules for use of retirement funds in connection with qualified federally declared disasters</b></p> <p>Permanently allows taxpayers affected by a federally declared disaster to take a penalty-free distribution of up to \$22,000 from an employer retirement plan or IRA. The distribution is included ratably in gross income over three years. The provision additionally allows individuals who previously took a retirement account distribution to purchase their home to recontribute the amount withdrawn. The provision applies to individuals residing in a federally declared disaster area who sustained an economic loss as a result of the disaster.</p>

605	<p><b>Charitable contribution easements</b> Disallows the charitable contribution deduction for a partnership making a qualified conservation contribution, if the value of the deduction exceeds 2.5 times the sum of each partner’s basis in the partnership. SECURE 2.0 provides exceptions to this limit for certain property held longer than three years, family partnerships, and contributions to preserve historic structures.</p>
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**Section Description – Article 2: Conformity**

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- 1      **Internal Revenue Code.**  
Updates the reference to the Internal Revenue Code for purposes of administration and compliance.  
  
**Effective date:** When effective for federal purposes.
  
- 2      **Net income.**  
Updates the reference to the Internal Revenue Code for purposes of determining the starting point for Minnesota’s individual income and corporate franchise taxes.  
  
**Effective date:** When effective for federal purposes.
  
- 3      **Internal Revenue Code.**  
Updates the reference to the Internal Revenue Code for purposes of determining the starting point for Minnesota’s individual income and corporate franchise taxes.  
  
**Effective date:** When effective for federal purposes.
  
- 4      **Schedule of rates for individuals, estates, and trusts.**  
Amends the residency percentage formula to include the additions for business interest and net operating losses and the subtraction for net operating losses that were enacted in the federal conformity bill enacted January 12, 2023.  
  
**Effective date:** Retroactive to tax year 2019 and thereafter.
  
- 5      **Internal Revenue Code.**  
Updates the reference to the Internal Revenue Code for purposes of the property tax refund.  
  
**Effective date:** Taxes payable in 2024 and thereafter.
  
- 6      **Scope.**  
Updates the reference to the Internal Revenue Code for purposes of the estate tax.

























**Section Description – Article 4: Property Tax Aids**

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**13 Calculations and payments.**

Removes specific references to obsolete and unneeded LGA computational factors. Clarifies the commissioner’s authority to adjust computational factors in cases of city annexations. Makes other technical changes.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**14 Payment dates.**

Requires the commissioner to pay 9.402 percent of local government aid payable in 2025 on March 20, 2025. The remaining amounts would be paid on the normal biannual payment dates.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**15 Cities.**

Increases the LGA appropriation by \$80,000,000 to \$644,398,012 and eliminates outdated language.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**16 Counties.**

Increases the CPA appropriation by \$80,000,000 to \$344,668,444 and eliminates outdated language. The appropriation increase is split proportionally between the need aid and tax base equalization aid appropriations.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**17 Types of land; payments.**

Increases from \$2 per acre to \$3 per acre PILT payments for county-administered and Department of Natural Resources-administered other natural resources land. This section also creates two additional PILT payment amounts for counties with a high proportion of acreage that qualifies for PILT. For counties where PILT eligible acreage is equal to or greater than 25 percent of the county’s total acreage, payments are increased by \$0.18 per acre of PILT eligible land. For counties where PILT eligible acreage is between ten and 25 percent of the county’s total acreage, payments are increased by \$0.08 per acre of PILT eligible land.

**Effective date:** This section is effective beginning with aids payable in 2024.

**Section Description – Article 4: Property Tax Aids**

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**18 Determination of appraised value.**

Prevents the appraised value of acquired natural resources land from decreasing from one appraisal to the next.

**Effective date:** This section is effective beginning with aids payable in 2024.

**19 Adjustment.**

Indexes to inflation PILT payment amounts for all natural resources land.

**Effective date:** This section is effective beginning with aids payable in 2024.

**20 Soil and water conservation district aid.**

Establishes a new state aid program for soil and water conservation districts. The aid would distribute \$15,000,000 in 2023 and 2024, and \$12,000,000 annually thereafter. Of this amount, 70 percent would be distributed equally among all districts, 20 percent would be distributed according to each district's proportional share of nonpublic land, and ten percent would be distributed based on the cube root of each district's population.

**Effective date:** This section is effective beginning with aids payable in calendar year 2023 and thereafter.

**21 Electric generation transition aid.**

Establishes an electric generation transition aid for counties, cities, townships, and school districts that lose tax base when an electric generation plant is retired. The initial aid amount is equal to the tax base lost due to the retirement times the jurisdiction's tax rate in the year prior to the tax base loss. The aid is phased out over 20 years. The aid would be eliminated earlier than that if the jurisdiction recovers a sufficient amount of tax base.

**Effective date:** This section is effective for aids payable in 2024 and thereafter.

**22 Local homeless prevention aid.**

Adds Tribal governments to the distribution of local homeless prevention aid. Of the overall aid amount, 12 percent will go to Tribal governments and 88 percent will be distributed to counties.

**Effective date:** This section is effective beginning with aids payable in 2023 and thereafter.

**Section Description – Article 4: Property Tax Aids**

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**23 Mahnomen property tax reimbursement aid.**

Codifies the Mahnomen County property tax reimbursement currently in session law with different allocations of the total distribution between the county and city.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**24 Statewide local housing aid.**

Establishes an aid program for Tribal Nations and local governments to develop and rehabilitate affordable housing; establishes a grant program for small cities not qualifying for aid; provides rules for distributing funds and administering the program; defines qualifying uses of the funds; appropriates money annually to the program. In 2024 and 2025, the aid will distribute \$15,300,000 to counties, \$4,500,000 to tier I cities, and \$2,700,000 to Tribal Nations. In 2026 and thereafter, the aid will annually distribute \$6,800,000 to counties, \$2,000,000 to tier I cities, and \$1,200,000 to Tribal Nations.

**Effective date:** This section is effective beginning with aids payable in 2023.

**25 Tribal Nation aid.**

Establishes a new state aid to Tribal Nations. The aid will pay \$35,000,000 annually to Tribal Nations. Distributions would be based on the number of enrolled members in each Tribal Nation.

**Effective date:** This section is effective beginning with aids payable in 2024.

**26 Mahnomen County; county, city, school district, property tax reimbursement.**

Sets an expiration date for the Mahnomen County property tax reimbursement currently in session law. These reimbursements are codified and converted to a state aid in this article.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**27 Public safety aid.**

Establishes an aid program to distribute onetime public safety aid among qualifying local governments and Tribal governments in calendar year 2023. Requires that the aid recipient use the proceeds to provide public safety. Provides a formula to allocate aid among counties, Tribal governments, cities, and qualifying towns. Appropriates \$300,000,000 in fiscal year 2024; 30 percent of the appropriation is for aid to counties and Tribal governments and 70 percent of the appropriation is for aid to

**Section Description – Article 4: Property Tax Aids**

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cities and qualifying towns. Provides for other administrative authority and duties related to the aid program.

**Effective date:** This section is effective for aid payable in 2023.

**28 2021 aid penalty forgiveness.**

Provides that the city of Echo and the city of Morton will receive the portions of their 2021 local government aid and 2021 small cities assistance payment that were withheld, provided that the state auditor certifies that it received each city's annual financial report for 2020.

**Effective date:** This section is effective the day following final enactment.

**29 Study of state-owned lakeshore.**

Requires the commissioner of revenue, in consultation with the Department of Natural Resources and counties, to produce a report on valuation methods used to value acreage and shoreline areas within other natural resources land. A copy of the report must be provided to the taxes committees by January 31, 2025.

**Effective date:** This section is effective the day following final enactment.

**30 Onetime increase in the renter's credit and homestead credit state refund.**

Temporarily increases homestead credit refund and renter's credits for all claimants by 20.572 percent. This increase would apply to 2023 refunds only (based on rent paid in 2022 and property taxes payable in 2023).

**Effective date:** Refunds based on property taxes payable in 2023 and rent paid in 2022.

**31 Targeting property tax refund; temporary increase for property taxes payable in 2023.**

Temporarily increases the additional "targeting" refund for homeowners who experienced large year-over-year property tax increases. For refunds payable in 2023 only (based on 2023 property taxes payable), the refund would apply to homeowners with increases larger than six percent, and the maximum refund would be \$2,500.

**Effective date:** This section is effective for refunds based on property taxes payable in 2023 only.

**32 Appropriation; class 4d(1) low-income rental property 2025 and 2026 transition aid.**

Provides transition aid in 2025 and 2026 only for cities in which the net tax capacity of 4d(1) property exceeds two percent of the total net tax capacity in assessment year 2023. Provides that the transition aid is calculated as a function of the city's pay

**Section Description – Article 4: Property Tax Aids**

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2024 tax rate and an approximation of the reduction in 4d(1) net tax capacity attributable to the classification rate and tier consolidation changes effective beginning in assessment year 2024. Directs the commissioner to pay transition aid concurrent with local government aid payments in 2025 and 2026. Appropriates money to pay the transition aid.

**Effective date:** This section is effective for aids payable in 2025 and 2026 only.

**33 Repealer.**

Repeals definitions of need factors no longer used in the LGA formula: percent of housing built between 1940 and 1970; household size; and jobs per capita in the city. This section repeals the definitions of sparsity adjustments, which are eliminated from the LGA formula. This section also repeals certified aid adjustments. Currently, the city of Mahanomen is the only city receiving a certified aid adjustment. This annual increase in LGA is replaced with an increase in property tax reimbursement aid established in this article. This section also repeals the current utility valuation transition aid program. This is replaced by the electric generation transition aid established in this article.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

## **Article 5: Sales and Use Taxes**

This article makes several changes related to sales tax, including:

- expanding the exemptions for suite licenses, collegiate event season tickets, sales made by county agricultural societies, and certain sales between LLCs and their members;
- creating new exemptions for firearm storage units, amenities included in the privilege of admission, nonprofit blood centers, and certain natural gas fees; and
- providing exemption of construction materials for certain cities, school districts, and the Minneapolis-St. Paul International Airport.

**Section Description – Article 5: Sales and Use Taxes**

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**1 Use of a portion of county fair revenues.**

Removes the requirement that sales tax savings be transferred between the owners and nonowners of county fairgrounds. Maintains the requirement that the county agricultural society use the amount of sales tax savings to maintain, improve, or expand buildings and facilities located at the fairgrounds.

**Section Description – Article 5: Sales and Use Taxes**

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**Effective date:** This section is effective the day following final enactment.

**2 Retail sale.**

Modifies the definition of “retail sale” regarding bundled transactions to exclude the purchases of suite licenses and the right to purchase season tickets to collegiate events.

**Effective date:** This section is effective retroactively for sales and purchases made after June 30, 2022.

**3 Suite licenses.**

Removes the requirement that the sales price for the privilege of admission be separately stated from the sale of the license. This is a conforming change to the changes made in section 2.

**Effective date:** This section is effective retroactively for sales and purchases made after June 30, 2022.

**4 Season ticket purchasing rights to collegiate events.**

Removes the requirement that the sale of a right to purchase the privilege of admission to a collegiate event be separately stated from the admissions price. This is a conforming change to the changes made in section 2.

**Effective date:** This section is effective retroactively for sales and purchases made after June 30, 2022.

**5 Firearm storage units.**

Creates an exemption for secure firearm storage units. Defines “secure firearm storage unit” as a fully enclosed container that is locked by padlock, keylock, combination lock, or similar locking device, that is either specifically designed for safe storage of firearms or is sold for that purpose by a federally licensed firearms dealer. “Firearm” has the meaning provided under current law: a gun that discharges shot or a projectile by means of an explosive, a gas, or compressed air.

Prohibits sellers of secure firearm storage units from collecting or transmitting data or information about a purchaser of a secure firearm storage unit.

**Effective date:** This section is effective for sales and purchases made after June 30, 2023.



**Section Description – Article 5: Sales and Use Taxes**

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**6 Sale of property used in a trade or business.**

Allows a sale between the sole member of an LLC that is a disregarded entity and the LLC to qualify for the sales tax exemption for tangible property used in a trade or business that is not in the business of selling that property.

**Effective date:** This section is effective for sales and purchases made after June 30, 2023.

**7 Amenities included with the privilege of admission.**

Creates an exemption for the sale of amenities, including, but not limited to, food and beverages, parking services, and promotional items, that are included in the sales price of the privilege of admission sold by a professional sports team competing in one of the following leagues: MLB, MLS, NBA, WNBA, NFL, or NHL.

The exempt portion of the sale of the privilege of admission is equal to the purchase price of the amenity if tax was paid on the amenity when purchased by the seller. Requires the seller to retain records of the sales price and tax paid.

This exemption expires July 1, 2030.

**Effective date:** This section is effective retroactively for sales and purchases made after June 30, 2022.

**8 Hospitals, outpatient surgical centers, critical access dental providers, and blood centers.**

Adds blood centers to the exemption for sales to and purchases by certain medical and dental facilities. Defines “blood center” as a 501(c)(3) nonprofit organization that is:

- registered as a “blood establishment” under the Code of Federal Regulations;
- a human cells, tissues, and cellular and tissue-based products establishment under the Code of Federal Regulations; or
- a clinical lab that performs infectious disease testing, blood typing, and other laboratory testing services in connection with blood processing for human transfusion under the Code of Federal Regulations.

The exemption for blood centers applies to leases by a blood center of a truck, bus, or passenger automobile if those vehicles are used for the purposes of the blood center.

Adds references to blood centers to specify the products and services to which the exemption does not apply.

**Section Description – Article 5: Sales and Use Taxes**

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The exemption expires January 1, 2028.

**Effective date:** This section is effective retroactively for sales and purchases made after December 31, 2019.

**9 County agricultural society sales at county fairs.**

Expands the existing exemption for sales by county agricultural societies during regularly scheduled county fairs to include presales of parking, admissions, events, and concessions for days or events that are part of the regularly scheduled county fair.

Clarifies that the exemption does not apply to sales for county fair events held at a time other than the regularly scheduled county fair or for events not held on the county fairgrounds.

**Effective date:** This section is effective the day following final enactment.

**10 City of Mazeppa; properties destroyed by fire.**

Extends the end date of the exemption for construction materials used in the replacement of real property affected by, and capital equipment destroyed in the fire in Mazeppa on March 11, 2018, to sales and purchases made before January 1, 2025.

**Effective date:** This section is effective retroactively for sales and purchases made after March 11, 2018, and before January 1, 2025.

**11 Sales and use tax exemption; certain natural gas fees.**

Provides a sales tax exemption for fees related to natural gas used as a primary source of residential heating during the period February 13 – February 17, 2021, but applied to customers' billing statements in the nonexempt months of May to October.

The fee must be separately stated on a billing statement and labeled as a fee subject to a cost recovery plan for increased natural gas prices during the period February 13 – 17, 2021. The exemption is retroactive to fees applied to customers' bills beginning September 1, 2021, through June 30, 2023.

Utilities would apply for a refund of sales taxes remitted during that period and then credit customers for sales taxes paid. The exemption would be upfront for the period July 1, 2023, through December 31, 2026.

**Effective date:** This section is effective retroactively for fees applied to sales and purchases of natural gas that are billed from September 1, 2021, to December 31, 2026.

**Section Description – Article 5: Sales and Use Taxes**

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**12 City of Chanhassen; sales tax exemption for construction materials.**

Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction of a new city hall and senior center, city council chambers, and park amenities in the city of Chanhassen, provided the purchases occur after December 31, 2024, and before February 1, 2027.

**Effective date:** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before February 1, 2027.

**13 Chisolm public schools; sales tax exemption for construction materials.**

Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into construction and renovation projects for Chisolm Elementary School and Vaughn Steffensrud School, provided the purchases occur after December 31, 2021, and before January 1, 2025.

**Effective date:** This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

**14 Duluth public schools; sales tax exemption for construction materials.**

Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into construction of an administrative building and a transportation facility for Duluth Public Schools, provided the purchases occur after June 30, 2021, and before January 1, 2025.

**Effective date:** This section is effective retroactively for sales and purchases made after June 30, 2021, and before January 1, 2025.

**15 City of Edina; sales tax exemption for construction materials.**

Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction of a community health and safety center in the city of Edina, provided the purchases occur after December 31, 2023, and before January 1, 2026.

**Effective date:** This section is effective for sales and purchases made after December 31, 2023, and before January 1, 2026.

**16 Ely public schools; sales tax exemption for construction materials.**

Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into renovations and construction of an elementary school and high school in ISD No. 696, provided the purchases occur after May 1, 2019, and before January 1, 2024.









**Section Description – Article 5: Sales and Use Taxes**

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**Effective date:** This section is effective retroactively for sales and purchases made after March 31, 2020, and before July 1, 2025.

**32 City of Woodbury; sales tax exemption for construction materials.**

Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into construction, renovation, or remodeling of the Central Park project in the city of Woodbury, provided the purchases occur after June 30, 2023, and before January 1, 2026.

**Effective date:** This section is effective for sales and purchases made after June 30, 2023, and before January 1, 2026.

## **Article 6: Minerals Taxes**

This article makes several changes related to minerals taxation, including:

- expanding the definition of the taconite assistance area;
- converting the net proceeds tax into a gross proceeds tax;
- modifying the distribution of the gross proceeds tax;
- changing the production tax distribution amounts to certain accounts; and
- providing a onetime transfer from the property tax relief account.

**Section Description - Article 6: Minerals Taxes**

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**1 Property subject to taconite production tax or gross proceeds tax.**

Conforming change related to section 4.

**Effective date:** This section is effective beginning with assessment year 2023.

**2 Taconite assistance area.**

Expands the taconite assistance area to include a school district that contains a municipality which is (1) located in a county which is already partially included in the taconite assistance area, and (2) where the active mining of nonferrous materials is occurring. Areas included in this expansion of the taconite assistance area would be eligible for production tax distributions, and any gross proceeds tax generated in the area would be distributed within the taconite assistance area, rather than going to the general fund.

**Effective date:** This section is effective for taxable years beginning after December 31, 2022.



**Section Description - Article 6: Minerals Taxes**

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- 3 Taconite, other ores, metals, or minerals; production materials.**  
Conforming change related to section 4.  
**Effective date:** This section is effective the day following final enactment.
- 4 Gross proceeds on mining.**  
Converts the net proceeds tax on nonferrous mining to a gross proceeds tax. This conversion eliminates the deductions under present law for the expenses of converting raw materials to marketable ores. The tax rate is reduced from two percent to 0.4 percent. This section also establishes a \$2,000,000 minimum payment for mining operations which have received all required permits to mine nonferrous materials but have not begun mining.  
**Effective date:** This section is effective for taxable years beginning after December 31, 2022.
- 5 Within taconite assistance area.**  
Changes the distribution percentages of the gross proceeds tax. This section also directs ten percent of the gross proceeds tax to Aurora, Babbitt, Ely, Hoyt Lakes, Biwabik, and Embarrass Township, for the first five years that distributions of the tax are made.  
**Effective date:** This section is effective for distributions beginning after December 31, 2022.
- 6 Distribution date.**  
Conforming change related to section 4.  
**Effective date:** This section is effective the day following final enactment.
- 7 Counties.**  
Keeps the production tax distribution to counties at 21.05 cents per taxable ton. Under current law, this distribution would increase to 26.06 cents per taxable ton beginning in 2024.  
**Effective date:** This section is effective the day following final enactment.
- 8 Iron Range school consolidation and cooperatively operated school account.**  
Keeps the production tax distribution to the school consolidation account at ten cents per taxable ton. Under current law, this distribution would decrease to five cents per taxable ton beginning in 2024.

**Section Description - Article 6: Minerals Taxes**

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- Effective date:** This section is effective the day following final enactment.
- 9     **Transfer.**  
Annually distributes \$3,500,000 of the production tax revenues from the Douglas J. Johnson Economic Protection Trust Fund and any excess production tax revenues in that account to the Iron Range resources and rehabilitation account.
- Effective date:** This section is effective beginning with production year 2023.
- 10    **Temporary loan authority.**  
Conforming change related to section 4.
- Effective date:** This section is effective the day following final enactment.
- 11    **Transfer 2023 distribution only; property tax relief account.**  
Provides a onetime transfer of any excess from the property tax relief account to the Iron Range resources and rehabilitation account, up to \$6,000,000. This section also requires the commissioner of Iron Range resources and rehabilitation to distribute this transferred amount for a variety of purposes.
- Effective date:** This section is effective the day following final enactment and applies only to the 2023 distribution.
- 12    **Transfer 2023 distribution only; Douglas J. Johnson Economic Protection Trust Fund.**  
Provides a onetime transfer of \$3,500,000 from the Douglas. J. Johnson Economic Protection Trust Fund to the Iron Range school consolidation and cooperatively operated school account.
- Effective date:** This section is effective the day following final enactment and applies only to the 2023 distribution.
- 13    **Iron range resources and rehabilitation commissioner; bonds authorized.**  
Requires the commissioner of Iron Range resources and rehabilitation to issue up to \$42,000,000 in bonds to pay for building projects at the Northland Learning Center and the Lake Superior, Chisholm, Ely, Hibbing, and Rock Ridge School Districts. Bond payments will be made using taconite production tax revenues.
- Effective date:** This section is effective the day following final enactment and applies beginning with the 2023 distribution under Minnesota Statutes, section 298.28.

## Article 7: Renter's Credit

This article converts the Minnesota renter's credit into a refundable income tax credit, and changes the income measure used to calculate the credit from "household income" to adjusted gross income.

Rather than filing for a renter's credit on a separate form and receiving a credit payment in August or September, a claimant would file for and receive the credit during the normal income tax filing period.

### Section Description – Article 7: Renter's Credit

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- 1 General.**  
Removes a reference to the renter's credit which is unnecessary because the credit is a part of the income tax.  
**Effective date:** Taxable years beginning after December 31, 2023.
- 2 County assessors; homestead classification and renter's credit.**  
Updates a cross-reference to reflect the renter's credit's new location in statute.  
**Effective date:** This section is effective for refunds based on rent paid in 2024.
- 3 Disclosure to commissioner of human services.**  
Updates a cross-reference to reflect the renter's credit's new location in statute.  
**Effective date:** Taxable years beginning after December 31, 2023.
- 4 Property tax refund claims.**  
Removes a reference to the renter's credit which is unnecessary because the credit is a part of the income tax.  
**Effective date:** This section is effective for refunds based on rent paid in 2024.
- 5 Property tax refund.**  
Removes a reference to the renter's credit which is unnecessary because the credit is a part of the income tax.  
**Effective date:** This section is effective for refunds based on rent paid in 2024.
- 6 Property tax refunds under chapter 290A.**  
Removes a reference to the renter's credit which is unnecessary because the credit is a part of the income tax.

**Section Description – Article 7: Renter’s Credit**

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**Effective date:** This section is effective for refunds based on rent paid in 2024.

**7 Penalties relating to property tax refunds.**

Updates a cross-reference to reflect the renter’s credit’s new location in statute.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**8 Penalties for tax preparers.**

Updates a cross-reference to reflect the renter’s credit’s new location in statute.

**Effective date:** This section is effective for taxable years beginning after December 31, 2023.

**9 Renter’s credit.**

Establishes the renter’s credit as a refundable income tax credit.

**Subd. 1. Definitions.** Defines the following terms, for the purposes of the credit. These definitions are the same as those currently coded in chapter 290A—the list below shows the source of the new language in current law.

- Dependent (currently coded in section 290A.03, subdivision 8)
- Disability (section 290A.03, subdivision 10)
- Exemption amount (section 290A.03, subdivision 3, paragraph (d), clause (1))
- Gross rent (section 290A.03, subdivision 12)
- Homestead (defined by cross-reference to section 290A.03, subdivision 6)
- Household (defined by cross-reference to section 290A.03, subdivision 4)
- Household income (section 290A.03, subdivision 5)
- Income: new language converting the income measure used for the credit to adjusted gross income
- Rent constituting property taxes (section 290A.03, subdivision 11)

**Subd. 2. Credit allowed.** Establishes the income tax credit used to calculate the credit. Specifies that the credit is refundable and appropriates the amount needed to pay refunds.

**Subd. 3. Renters.** Specifies the amount of the credit allowed, as a function of the taxpayer’s income and property taxes paid. The credit calculation table is based on the February 2023 forecast for refunds payable in 2025 (based on rent paid in 2024).

Requires that the credit be adjusted for inflation. Requires the commissioner to publish a table showing the refund amount at various levels of rent constituting

**Section Description – Article 7: Renter’s Credit**

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property taxes and incomes. Paragraphs (b) and (c) are identical to section 290A.04, subdivisions 3 and 4.

**Subd. 4. Owner or managing agent to furnish rent certificate.** Requires property owners to provide certificates of rent paid to renters, by January 31 of the filing period, rather than March 31 as is required under current law. Other than the date change, this is substantively identical to existing law in section 290A.19.

**Subd. 5. Eligibility; residency.** Provides rules specifying which taxpayers are eligible for a credit. This is substantively identical to existing law in section 290A.03, subdivision 8, paragraphs (a), (b), and (e), but the language has been rewritten to follow income tax drafting practices.

**Subd. 6. Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support services.** Provides rules for calculating credits for residents in certain health facilities. This is substantively identical to existing law in section 290A.03, subdivision 8, paragraphs (c) and (d), but the language has been rewritten to follow income tax drafting practices.

**Subd. 7. Credit for unmarried taxpayers residing in the same household.** Provides rules for unmarried taxpayers residing in the same household. This is substantively identical to existing law in section 290A.03, subdivision 8, paragraph (f), but the language has been rewritten to follow income tax drafting practices.

**Subd. 8. One claimant per household.** Stipulates that only one taxpayer per household may claim a credit. This is substantively identical to existing law in section 290A.08, but the language has been rewritten to follow income tax drafting practices.

**Subd. 9. Proof of claim.** Provides rules by which taxpayers may prove a credit claim. This is substantively identical to existing law in section 290A.09, but the language has been rewritten to follow income tax drafting practices.

**Subd. 10. No relief in certain cases.** Disallows credits if a claimant received tenancy primarily for the purposes of claiming a renter’s credit. This is substantively identical to existing law in section 290A.13, but the language has been rewritten to follow income tax drafting practices.

**Subd. 11. Appropriation.** Appropriates the funds necessary to pay refunds.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**Section Description – Article 7: Renter’s Credit**

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**10 - 12 Striking obsolete language in chapter 290A.**

Removes references to the renter’s credit which are unnecessary because the credit is a part of the income tax.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**13 Claimant.**

Strikes language in chapter 290A that is moved to the income tax chapter.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**14 Gross rent.**

Strikes language in the chapter 290A definition of “gross rent.” This language is moved to chapter 290 in the bill.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**15 Property taxes payable.**

Strikes a definition of “manufactured home” from the definition of “property taxes payable.” The bill adds this as a standalone definition in the following section.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**16 Manufactured home.**

Moves a definition of “manufactured home” out of the definition of property taxes payable.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**17 Refund.**

Removes references to the renter’s credit which are unnecessary because the credit is a part of the income tax.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**18 Additional refund.**

Strikes a reference to data being delivered on a “magnetic computer disk.” Requires the same data be delivered electronically.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**Section Description – Article 7: Renter’s Credit**

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**19 Homeowner’s refund and renter’s credit.**

Allows taxpayers eligible for the homeowner and renter’s credit to continue to claim both credits.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**20 - 22 Striking obsolete language in chapter 290A.**

Removes references to the renter’s credit which are unnecessary because the credit is a part of the income tax.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**23 Proof of claim.**

Strikes obsolete references to the renter’s credit. Clarifies that rules requiring proof of claim for rent paid by manufacture home residents continues to apply.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**24 - 25 Striking obsolete language in chapter 290A.**

Removes references to the renter’s credit which are unnecessary because the credit is a part of the income tax.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**26 Owner or managing agent to furnish rent certificate.**

Removes references to the renter’s credit which are unnecessary because the credit is a part of the income tax.

Allows the commissioner of revenue to require manufactured park owners who generate certificates of rent paid to submit identifying information, including Social Security numbers, taxpayer identification numbers, federal employer identification numbers, or Minnesota employer identification numbers.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**27 - 29 Updating cross-references in chapter 290A.**

Updates cross-references to reflect the renter’s credit’s new location in statute.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

**30 Tax credit outreach; appropriation.**

Appropriates \$1,000,000 in fiscal years 2024 and 2025 to DOR to make grants to nonprofit organizations or federally recognized Indian Tribes to publicize credits

**Section Description – Article 7: Renter’s Credit**

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targeting low-income taxpayers, promote the availability of such credits, and assist taxpayers in applying for such credits. The grants must be made to nonprofit organizations with experience serving demographic groups or geographic regions with low rates of participation in credit programs.

**31 Repealer.**

Repeals language in chapter 290A that is moved to chapter 290 under the bill.

**Effective date:** This section is effective for refunds based on rent paid in 2024.

## **Article 8: Tax Increment Financing**

This article provides for a variety of changes to and establishment of various tax increment financing (TIF) laws. The article modifies the definition of a small city for certain TIF purposes and either modifies or establishes special TIF legislation for the cities of Hopkins, Bloomington, St. Paul, Savage, Ramsey, Chatfield, Duluth, Fridley, Plymouth, Shakopee, West St. Paul, and Woodbury.

**Section Description – Article 8: Tax Increment Financing**

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**1 Small city.**

Modifies the definition of small city (population 5,000 or less) to include cities within five miles from a city with a population of 10,000 or more, instead of ten miles.

**Effective date:** Requests for district certification after July 1, 2023.

**2 District extension.**

Increases the amount of increment that may be spent on housing and redevelopment in Hopkins TIF District 2-11, from 20 percent to 25 percent, and increases the amount of increment that may be spent outside the district from 25 percent to 28 percent.

**Effective date:** Local approval.

**3 Bloomington tax increment financing; five-year rule.**

Increases the five-year rule extension for the Bloomington Central Station TIF district from 21 years to 26 years and allows use of increment in the 27<sup>th</sup> year. Extends the duration of the district from through 2039 to through 2044.

**Effective date:** Local approval.



**Section Description – Article 8: Tax Increment Financing**

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- 4      **Authorization.**  
Extends the termination date for the St. Paul downtown and Seventh Place tax increment district (County #82) from 2023 to 2033.  
**Effective date:** Local approval.
- 5      **Authorized expenditures.**  
Beginning in taxes payable year 2024, allows the city to use the increment from the district in section 4 to facilitate capital improvements to the RiverCentre complex.  
**Effective date:** Local approval.
- 6      **Special rules.**  
Extends the five-year rule extension for certain TIF districts in the city of Savage from eight years to 12 years and extends the five-year rule for enlargements of these districts to nine years.  
**Effective date:** Local approval.
- 7      **City of Duluth; tax increment financing district; special rules authorization.**  
Increases the number of districts the city of Duluth may establish for a certain TIF district from one to two and allows an extension of five additional years for the duration of the district.  
**Effective date:** Local approval.
- 8      **City of Ramsey; Tax Increment Financing District No. 14; five-year rule.**  
Extends the five-year rule extension by three years, from an additional two to an additional five. Also extends the rule for use of increment after the end of the five-year rule period from the 13<sup>th</sup> year to the 16<sup>th</sup> year.  
**Effective date:** Local approval.
- 9      **City of Chatfield; TIF authority; economic development authorization.**  
Allows the city of Chatfield to establish a TIF district to construct a multilevel hotel, provided that the first floor of the hotel does not exceed 15,000 square feet.  
**Effective date:** Local approval.
- 10     **City of Duluth; tax increment financing district; special rules.**  
Allows the city to establish redevelopment districts in the city's regional exchange district. Such districts are deemed to meet the definition of a redevelopment district

**Section Description – Article 8: Tax Increment Financing**

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and the rule requiring 90 percent of the increment to be used to correct the conditions giving rise to the redevelopment district designation does not apply.

**Effective date:** Local approval.

**11 City of Fridley; tax increment financing district; special rules.**

Until 2028, allows the city of Fridley to transfer increment allowed to be expended outside TIF District No. 20 to the city's housing and redevelopment authority, for various housing purposes. The city must report to the legislative tax committees on the programs financed with the transfers.

**Effective date:** Local approval.

**12 City of Plymouth; TIF authority.**

Until 2031, allows the city of Plymouth to establish two redevelopment districts, which are deemed to meet the definition of a redevelopment district. The rule requiring 90 percent of the increment to be used to correct the conditions giving rise to the redevelopment district designation does not apply. Allows up to 75 of the increment to be spent on improvements to Chankhada Trail outside the district.

**Effective date:** Local approval.

**13 City of Shakopee; tax increment financing district.**

Allows the city of Shakopee to use special rules in administering several types of tax increment financing districts, including soil deficiency districts, a type of tax increment financing district created by this legislation.

Allows any redevelopment, soil deficiency, soil conditions, or renewal or renovation district established in the project area to operate under special rules, provided that before the establishment of a district under these special rules the city finds that 70 percent of the acreage of the project area is characterized by specified conditions requiring site preparation before being developed for commercial or residential purposes. Extends the deadline for districts operating under the special rules to undertake development debt within the district from five years to ten years. Allows districts operating under the special rules to spend up to 80 percent of increment outside the district but within the project area. Limits increment collection of a soil deficiency district to 21 years and limits use of increment from a soil deficiency district. Expires authority to establish a district under this section on December 31, 2026.

**Effective date:** Local approval.

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**14 City of West St. Paul; TIF authority.**

Until 2031, allows the city of West St. Paul to establish redevelopment districts under special rules. Such districts are deemed to meet the definition of a redevelopment district and the rule requiring 90 percent of the increment to be used to correct the conditions giving rise to the redevelopment district designation does not apply to them.

**Effective date:** Local approval.

**15 City of Woodbury; Tax Increment Financing District No. 13; expenditures allowed; duration extension.**

Allows the city of Woodbury to expend increments from its TIF District No. 13 outside the district, for the city's Central Park, and allows the city to extend the duration of the district by nine years.

**Effective date:** Local approval.

## **Article 9: Office of the State Auditor: Tax Increment Financing General Law Changes**

This article makes technical and policy changes to the law governing tax increment financing (TIF) districts, including clarifications on usage of TIF increment for administrative expenses and a revision of the prescriptions for decertification of a TIF district.

**Section Description – Article 9: Office of the State Auditor: Tax Increment Financing General  
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**1 Administrative expenses.**

Provides a nonexhaustive list of documented expenses which may constitute administrative costs, including professional services, staff time, costs to publish annual disclosures and to provide notices, and payments on bonds issued to fund administrative costs. Amends list of expenditures which do not qualify as administrative to add purchase of buildings and payment of property taxes or payments in lieu of taxes. Removes an obsolete reference. Clarifies that the definition does not apply to county administrative costs of administering a TIF district.

**Effective date:** This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

**Description – Article 9: Office of the State Auditor: Tax Increment Financing General**  
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- 2 Pay-as-you-go contract and note.**  
Defines a “pay-as-you-go contract and note” as a written note or contractual obligation: (1) that evidences an authority’s commitment to reimburse the note holder for payment of the costs of activities, plus interest; (2) that pledges increment to reimburse the note holder; and (3) that has the note holder bear the risk that increment may be insufficient for reimbursement.  
**Effective date:** This section is effective the day following final enactment.
- 3 Annual financial reporting.**  
Removes from the list of information that authorities must report to the Office of the State Auditor the month in which an authority first receives, or expects to receive, increment.  
**Effective date:** This section is effective the day following final enactment.
- 4 Limitation on administrative expenses.**  
For the purposes of calculating the allowable amount of administrative expenses, excludes from the calculation of total tax increment those amounts paid to the county auditor either as excess increment or as remedies for unlawfully including or keeping a property in a TIF district. Exempts from caps on administrative expenses money which is: (1) from selling or leasing property purchased by the authority using increment; and (2) spent on maintaining these properties, including reserves for repairs and insurance costs.  
**Effective date:** This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.
- 5 Limitation of use of tax increment; general rule.**  
Makes a grammatical correction. Adds payment of administrative expenses to the list of purposes for which TIF revenue can be used.  
**Effective date:** This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.
- 6 Expenditures outside district.**  
Expands from county road costs to all county costs the amount to be deducted from the increment before calculating the in-district and out-of-district percentages of increment. Exempts amounts paid to the county auditor as excess increment or as remedies for unlawfully including or keeping a property in a TIF district from counting toward the total revenue derived from the district for the purposes of percentage pooling limits. Considers all other amounts paid to the county auditor (except for

**Description – Article 9: Office of the State Auditor: Tax Increment Financing General**  
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payments for using increment on impermissible projects or areas) to be expenditures within the district for the purposes of pooling limits.

**Effective date:** This section is effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990, except that paragraph (f) shall apply to districts decertifying after December 31, 2023.

**7 Five-year rule.**

Clarifies that expenditures on in-district activities not complying with the five-year rule are considered to have been expended on an activity outside the district. Removes an obsolete reference to public infrastructure projects. Removes expenditures on affordable housing from those listed as complying with the five-year rule.

**Effective date:** This section is effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990.

**8 Use of revenues for decertification.**

Requires decertification once the in-district amount of increment is sufficient to pay off in-district obligations, excluding a pay-as-you-go contract and note. Allows deferral of decertification for individual parcels whose increment is pledged to pay off a pay-as-you-go contract and note for in-district expenditures but requires decertification of unpledged parcels. For those districts for which the out-of-district percentage of increment has been increased by up to ten percent to fund affordable housing projects, defers decertification until the amount of increment eligible to be expended for housing purposes equals either the amount of the increase elected for in the tax increment financing plan or the ten percent maximum.

**Effective date:** This section is effective the day following final enactment and applies to all districts with a request for certification after April 30, 1990, except that the provisions allowing deferral of decertification for pay-as-you-go contracts and notes apply only to districts for which the request for certification was made after the day following final enactment.

**9 Pooling permitted for deficits.**

Makes a clarifying change in the formula for how to calculate the deficit of a district to determine how much an authority can transfer from another district to eliminate the deficit.

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**Effective date:** This section is effective the day following final enactment and applies only to districts for which the request for certification was made before August 1, 2001.

**10 Collection of increment.**

Removes an exception for failure to decertify a district from a requirement that an authority pay to the county auditor the amount generated from a property which was unlawfully included or kept in a TIF district.

**Effective date:** This section is effective the day following final enactment.

**11 Suspension of distribution of tax increment.**

Makes a clarifying change regarding a county auditor's withholding increments from authorities that fail to comply with their annual requirements for disclosure and financial reporting.

**Effective date:** This section is effective the day following final enactment.

**12 Expenditure of increment.**

Expands the sources of permitted purposes of TIF expenditures from Minnesota Statutes, section 469.176 to Minnesota Statutes, sections 469.174 through 469.1794 (the portion of Minnesota Statutes, chapter 469 governing TIF). An amount equal to the amount of TIF revenues expended for anything other than a permitted purpose must be paid to the county auditor.

**Effective date:** This section is effective the day following final enactment.

## **Article 10: Local Sales and Use Taxes**

This article makes several changes related to general local sales taxes, including:

- modifying existing local sales tax authorizations for various cities;
- authorizing new local sales taxes for various cities and counties;
- imposing a two-year moratorium on certain activities; and
- creating a local sales tax task force to examine the role of these taxes in local government funding.

**Section Description – Article 10: Local Sales and Use Taxes**

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**1 Temporary moratorium.**

Prohibits a locality from engaging in the following activities related to imposing a new local sales tax or modifying an existing local sales tax until June 1, 2025:

- any activity related to the promotion of a referendum aimed at imposing a new local sales tax;
- adopt a resolution; or
- conduct a referendum.

This provision does not apply to a locality that is granted authority to impose a new or modify an existing local sales tax in this act.

**Effective date:** This section is effective the day following final enactment.

**2 City of St. Paul; sales and use tax authorization.**

Authorizes the city of St. Paul to impose a one percent local sales tax. Allows the city to present one question on the ballot for all projects authorized under section 3, so long as the question states each project, the cost of each project, and the estimated length of time the tax will be in effect for each project.

**Effective date:** This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**3 City of St. Paul, use of revenues.**

Requires the tax imposed under section 2 to be used for the following projects, plus associated bonding costs:

- \$738,000,000 for improvements to streets and bridges; and
- \$246,000,000 for improvements to St. Paul parks and recreation facilities.

Requires the city to adopt an amended resolution authorizing the use of revenues for these purposes and submit the resolution to the Office of the State Auditor by August 31 of the year the city presents the tax for voter approval.

If the city fails to pass and submit an amended resolution, the tax may not be used to fund improvements to bridges.

**Effective date:** This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Section Description – Article 10: Local Sales and Use Taxes**

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**4 City of St. Paul; bonding authority.**

Authorizes the city of St. Paul to bond for the amounts specified in section 3 if approved by the voters.

**Effective date:** This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**5 City of St. Paul; expiration of taxing authority.**

Requires the tax authorized by section 2 to terminate at the earlier of 20 years or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**6 City of Rochester; authorization; extension.**

Authorizes the city of Rochester to extend its 0.5 percent local sales tax to fund projects specified in section 7. Allows the city to present one question on the ballot for all projects, so long as the question states each project, the cost of each project, and the estimated length of time the tax will be in effect for each project.

**Effective date:** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**7 City of Rochester; use of sales and use tax revenues; additional projects.**

Requires the extension of the tax authorized under section 5 to be used for the following projects, plus associated bonding costs:

- \$50,000,000 for an economic vitality fund;
- \$50,000,000 for street reconstruction;
- \$40,000,000 for flood control and water quality; and
- \$65,000,000 for a sports and recreation complex.

**Effective date:** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.



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- 8      **City of Rochester; bonding authority; additional projects and extension of tax.**  
Authorizes the city of Rochester to bond for the amounts specified in section 7 if approved by the voters.  
  
**Effective date:** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 9      **City of Rochester; termination of taxes.**  
Requires the extension of the tax to terminate at the earlier of 24 years or when revenues are sufficient to pay for the approved projects and any associated bond costs.  
  
**Effective date:** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 10     **City of North Mankato; taxes authorized.**  
Authorizes the city of Mankato to extend its current 0.5 percent local sales tax to cover an additional \$15,000,000 in bonds, plus associated bond costs, to cover currently authorized projects, and to extend the imposition of the tax for an additional six years, or when revenues from the tax equal or exceed \$21,000,000 plus the amount needed to pay bond issuance costs.  
  
**Effective date:** This section is effective the day after the governing body of the city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 11     **City of Marshall; sales and use tax.**  
Authorizes the city of Marshall to extend its current 0.5 percent local sales tax to fund \$18,370,000, plus associated bonding costs, for a new municipal aquatic center. Authorizes the city to bond for the project up to the amount to cover the costs of issuing the bonds. The tax terminates at the earlier of 35 years after the existing local sales tax was first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.  
  
**Effective date:** This section is effective the day after the governing body of the city of Marshall and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

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- 12      **City of Avon; sales and use tax authorization; modification.**  
Authorizes the city of Avon to increase the amount of tax that may be raised and the length of the time that the tax may be imposed, subject to voter approval.  
  
**Effective date:** This section is effective the day after the governing body of the city of Avon and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 13      **City of Avon; bonding authority.**  
Authorizes the city of Avon to issue bonds to fund up to \$8,135,000 for previously authorized street improvement projects.  
  
**Effective date:** This section is effective the day after the governing body of the city of Avon and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 14      **City of Avon; termination of taxes.**  
Provides that the tax terminates at the earlier of the date established under current law, or when \$8,135,000 has been received, plus an amount sufficient to pay bond issuance costs.  
  
**Effective date:** This section is effective the day after the governing body of the city of Avon and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 15      **City of Excelsior; local sales and use tax authorized.**  
Authorizes the city of Excelsior to extend its current 0.5 percent local sales tax to fund an additional \$23,000,000 for further improvements to The Commons.  
Authorizes the city to bond up to the additional amount to cover the costs of issuing the bonds. The tax terminates at the earlier of 25 years after the existing local sales tax was first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.  
  
**Effective date:** This section is effective the day after the governing body of the city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 16      **City of Rogers; local taxes authorized.**  
Authorizes the city of Rogers to raise an additional \$8,500,000 from its 0.25 percent local sales tax and bond up to the additional amount, plus an amount to cover the cost of issuing the bonds, to fund projects previously authorized in 2019.

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- Effective date:** This section is effective the day after the governing body of the city of Rogers and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 17      **City of Edina; taxes authorized.**  
Authorizes the city of Edina to collect an additional \$31,700,000 for the Braemar Park project initially authorized in 2021 and authorizes bonding up to that amount plus an amount necessary to cover the cost of issuing the bonds.
- Effective date:** This section is effective the day after the governing body of the city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 18      **City of Fergus Falls; use of sales and use tax revenues.**  
Authorizes the city of Fergus Falls to collect an additional \$3,000,000 for the aquatic center project initially authorized in 2021. Allows the city to collect the additional funds without holding another election.
- Effective date:** This section is effective the day after the governing body of the city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 19      **City of Fergus Falls; bonding authority.**  
Authorizes the city of Fergus Falls to increase the amount of bonds issued for the aquatic center project pursuant to the authorization in section 18.
- Effective date:** This section is effective the day after the governing body of the city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 20      **City of Oakdale; use of sales and use tax revenues.**  
Authorizes the city of Oakdale to collect an additional \$6,000,000 for the public works facility project and an additional \$3,000,000 for the police department facility project initially authorized in 2021.
- Effective date:** This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 21      **City of Oakdale; bonding authority.**  
Authorizes the city of Oakdale to increase the amount of bonds issued for the projects pursuant to the authorization in section 20.

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- Effective date:** This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 22      **City of Oakdale; termination of taxes.**  
Increases the duration of the tax imposed by the city of Oakdale from 25 to 30 years after first imposed.
- Effective date:** This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 23      **City of Oakdale; requirements.**  
Requires the city of Oakdale to submit an updated resolution reflecting approval of these modifications and requires voter approval of the increased project costs and duration of tax.
- Effective date:** This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 24      **City of Waite Park; termination of taxes.**  
Extends the duration that the Waite Park local sales tax may be imposed from 19 to 20 years.
- Effective date:** This section is effective the day following final enactment.
- 25      **Beltrami County; taxes authorized.**  
Authorizes Beltrami County to impose a local sales and use tax of up to 0.625 percent to finance up to \$80,000,000 for a new county jail and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.
- Effective date:** This section is effective the day after the governing body of Beltrami County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 26      **City of Blackduck; taxes authorized.**  
Authorizes the city of Blackduck to impose a local sales and use tax of up to 0.5 percent to fund the following projects:
- \$200,000 for Pine Tree Park Municipal Campground improvements;

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- \$300,000 for Blackduck Trail improvements;
- \$250,000 for Blackduck City Wayside Rest improvements;
- \$150,000 for Blackduck City Golf Course irrigation improvements; and
- \$100,000 for the Blackduck City Library reconstruction project.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Blackduck and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**27 City of Bloomington; taxes authorized.**

Authorizes the city of Bloomington to impose a local sales and use tax of up to 0.5 percent to fund the following projects:

- \$35,000,000 for Bloomington Ice Garden construction and rehabilitation;
- \$100,000,000 for a new community health and wellness center; and
- \$20,000,000 for the Nine Mile Creek Corridor renewal.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**28 City of Brooklyn Center; taxes authorized.**

Authorizes the city of Brooklyn Center to impose a local sales and use tax of 0.5 percent to fund up to \$44,000,000 for construction of the Brooklyn Center Community Center and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Brooklyn Center and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

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**29 City of Chanhassen; taxes authorized.**

Authorizes the city of Chanhassen to impose a local sales and use tax of up to 0.5 percent to fund up to \$40,000,000 for construction of the Avienda Recreational Facility and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Chanhassen and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**30 City of Cottage Grove; taxes authorized.**

Authorizes the city of Cottage Grove to impose a local sales and use tax of up to 0.5 percent to fund the following projects:

- \$17,000,000 for improvements to Hamlet Park;
- \$6,000,000 for improvements to the River Oaks Golf Course; and
- \$13,000,000 for improvements to Mississippi Dunes Park.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 25 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Cottage Grove and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**31 City of Detroit Lakes; taxes authorized.**

Authorizes the city of Detroit Lakes to impose a local sales and use tax of up to 0.5 percent to fund up to \$17,300,000 for construction and renovation of the Detroit Lakes Pavilion and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 12 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**32 City of Dilworth; taxes authorized.**

Authorizes the city of Dilworth to impose a local sales and use tax of up to 0.5 percent to fund up to \$5,400,000 for construction of a community and recreational center and allows the city to bond for that amount if approved by the voters. The tax

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terminates at the earlier of 25 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Dilworth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**33 City of East Grand Forks; taxes authorized.**

Authorizes the city of East Grand Forks to impose a local sales and use tax of up to one percent to fund the following projects:

- \$6,745,000 for reconstruction and renovation of and upgrades and enhancements to Civic Center Sports Complex; and
- \$8,000,000 for reconstruction and renovation of, and upgrades and enhancements to VFW Memorial and Blue Line Arena.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**34 City of Fairmont; taxes authorized.**

Authorizes the city of Fairmont to impose a local sales and use tax of up to 0.5 percent to fund up to \$20,000,000 for construction of a community center and ice arena and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 25 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**35 City of Henderson; taxes authorized.**

Authorizes the city of Henderson to impose a local sales and use tax of up to 0.5 percent to fund up to \$250,000 for the Allanson's Park Campground and Trail Project and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 15 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

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**Effective date:** This section is effective the day after the governing body of the city of Henderson and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**36 City of Hibbing; taxes authorized.**

Authorizes the city of Hibbing to impose a local sales and use tax of up to 0.5 percent to fund up to \$19,600,000 for construction of a regional public safety center and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Hibbing and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**37 City of Golden Valley; taxes authorized.**

Authorizes the city of East Grand Forks to impose a local sales and use tax of up to 1.25 percent to fund the following projects:

- \$45,000,000 for construction of a new public works facility;
- \$15,000,000 for purchase of land for the public works facility; and
- \$45,000,000 for construction of a new public safety facility.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Golden Valley and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**38 City of Jackson; taxes authorized.**

Authorizes the city of Jackson to impose a local sales and use tax of one percent to fund up to \$5,750,000 for construction, renovation, and improvements to a new outdoor athletic complex and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Jackson and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.



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**39 Jackson County; taxes authorized.**

Authorizes Jackson County to impose a local sales and use tax of one percent to fund up to \$39,000,000 for construction of a new law enforcement center and government center and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of Jackson County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**40 City of Monticello; taxes authorized.**

Authorizes the city of Monticello to impose a local sales and use tax of 0.5 percent to fund the following projects:

- \$15,000,000 for construction and rehabilitation of the Bertram Chain of Lakes Regional Athletic Park; and
- \$15,000,000 for construction and improvements to the Pointes at Cedar Recreation Area.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Monticello and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**41 City of Mounds View; taxes authorized.**

Authorizes the city of Mounds View to impose a local sales and use tax of up to 1.5 percent to fund up to \$16,500,000 for construction of an expanded community center into a regional amateur sports and recreational facility and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Mounds View and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Section Description – Article 10: Local Sales and Use Taxes**

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**42 City of Proctor; taxes authorized.**

Authorizes the city of Proctor to impose a local sales and use tax of 0.5 percent to fund up to \$6,900,000 for construction of a new trail spur and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**43 Rice County; taxes authorized.**

Authorizes Rice County to impose a local sales and use tax of up to 0.375 percent to fund up to \$48,000,000 for construction of a public safety facility and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of Rice County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**44 City of Richfield; taxes authorized.**

Authorizes the city of Richfield to impose a local sales and use tax of 0.5 percent to fund the following projects:

- \$11,000,000 for Wood Lake Nature Center construction and improvements;
- \$9,000,000 for improvements to Veterans Park Complex; and
- \$45,000,000 for a new Richfield Community Center.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Richfield and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**45 City of Roseville; taxes authorized.**

Authorizes the city of Roseville to impose a local sales and use tax of 0.5 percent to fund the following projects:

**Section Description – Article 10: Local Sales and Use Taxes**

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- \$64,200,000 for construction of a new maintenance facility; and
- \$12,700,000 for construction of a new license and passport center.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Roseville and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**46 City of St. Joseph; taxes authorized.**

Authorizes the city of St. Joseph to impose a local sales and use tax of 0.5 percent to fund the following projects:

- \$11,000,000 for construction of Phase II of the St. Joseph community center expansion; and
- \$6,000,000 for Phases II and III of improvements to East Park along the Sauk River.

Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 17 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of St. Joseph and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**47 Stearns County; taxes authorized.**

Authorizes Stearns County to impose a local sales and use tax of up to 0.375 percent to fund up to \$325,000,000 for construction of the Stearns County Justice Center and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of Stearns County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**48 City of Stillwater; taxes authorized.**

Authorizes the city of Stillwater to impose a local sales and use tax of 0.5 percent to fund up to \$12,500,000 for construction, renovation, and improvements to the Riverfront Improvement Project and allows the city to bond for that amount if

**Section Description – Article 10: Local Sales and Use Taxes**

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approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Stillwater and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**49 Winona County; taxes authorized.**

Authorizes Winona County to impose a local sales and use tax of up to 0.25 percent to fund up to \$28,000,000 for construction of a new correctional facility and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 25 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of Winona County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**50 City of Woodbury; taxes authorized.**

Authorizes the city of Woodbury to impose a local sales and use tax of 0.5 percent to fund up to \$50,000,000 for construction of a new public safety campus and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.

**Effective date:** This section is effective the day after the governing body of the city of Woodbury and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**51 Local Taxes Advisory Task Force.**

Creates the Local Taxes Advisory Task Force for the purposes of examining the use of local taxes as funding mechanisms for local governments to fund capital projects. The task force must determine objective evaluation criteria with which to evaluate local tax proposals, as well as determine the appropriate entity to evaluate the proposals using the established criteria.

Requires the task force to meet twice monthly beginning in July 2023 and requires the task force to issue a report to the legislature detailing its determinations by January 15, 2024.

**Effective date:** This section is effective the day following final enactment.

## Article 11: Local Special Taxes

This article provides a new special tax authorization as well as the following modifications to existing special local taxes:

- extends both portions of tourism tax imposed by the city of Duluth;
- extends the duration of the lodging tax imposed by Cook County; and
- authorizes Lake of the Woods County to impose a lodging tax.

Section	Description – Article 11: Local Special Taxes
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1	<b>Duluth tourism tax; food and beverage.</b>
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	Provides an extension of the food and beverage tax portion of Duluth’s tourism tax to allow the city to collect up to \$54,000,000 for additional capital improvements to parks-based public athletic facilities. Makes a corresponding change to the amount of bonds the city is able to issue.
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	<b>Effective date:</b> Effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
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2	<b>Duluth tourism tax; lodging tax.</b>
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	Provides an extension of the lodging tax portion of Duluth’s tourism tax to allow the city to collect up to \$54,000,000 for additional capital improvements to parks-based public athletic facilities.
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	<b>Effective date:</b> Effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
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3	<b>Cook County lodging tax.</b>
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	Eliminates a 2008 authorization allowing Cook County to impose an up to three percent tax on admissions to entertainment and recreational facilities, as well as the rental of recreational equipment.
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	Extends the duration of the authorized lodging tax from 15 years to 30 years.
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	<b>Effective date:</b> This section is effective the day following final enactment.
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4	<b>Lake of the Woods County lodging tax authorized.</b>
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	Authorizes Lake of the Woods County to impose a lodging tax of up to three percent. The authorization does not apply to a statutory or home rule city or town located in the county that imposes a lodging tax, or to the city of Baudette. The total tax rate under existing statutory authority and this bill must not exceed three percent.
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**Section Description – Article 11: Local Special Taxes**

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Revenues from the tax must be used to fund a new event and visitors bureau established by the county Board of Commissioners to market the county. The board must annually review the bureau's budget. The bureau may receive revenue from the tax only upon approval of the budget by the board.

**Effective date:** Effective the day after the governing body of Lake of the Woods County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## **Article 12: Public Finance**

This article makes several changes to the law governing public finance, including:

- allowing local governments to invest public funds in time deposits insured by credit units;
- extending the period during which the notes, certificates of indebtedness, and general obligation certificates of certain political subdivisions must be payable from ten to 20 years;
- allowing local governments to issue debt to pay to eliminate ice-making systems in public facilities that use R-22; and
- clarifying levy certification requirements for housing and redevelopment authorities, port authorities, and economic development authorities.

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**Section Description – Article 12: Public Finance**

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**1 Time deposits.**

Allows local public funds to be invested in time deposits that are fully insured by the National Association of Credit Unions.

**2 Purchase of certain equipment.**

For general obligation certificates of indebtedness or capital notes issued by a school district, extends the period in which the certificates or notes must be payable from ten years to 20 years.

**3 Certificates of indebtedness.**

For certificates of indebtedness issued by a town, extends the period in which the certificates must be payable from ten years to 20 years and allows certificates to be issued for projects that eliminate R-22.

**Section Description – Article 12: Public Finance**

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- 4 Capital notes.**  
For capital notes issued by a county to purchase capital equipment, extends the period in which the notes must be payable from ten years to 20 years and allows projects that eliminate R-22 to qualify as capital equipment.
- 5 Equipment acquisition; capital notes.**  
For capital notes issued by Hennepin County, extends the period in which the notes must be payable from ten years to 20 years and allows notes to be issued for projects that eliminate R-22.
- 6 Cities may issue capital notes for capital equipment.**  
For capital notes issued by a home rule charter city, extends the period in which the notes must be payable from ten years to 20 years and allows notes to be issued for projects that eliminate R-22.
- 7 Financing purchase of certain equipment.**  
For certificates of indebtedness or capital notes issued by a statutory city, extends the period in which the certificates or notes must be payable from ten years to 20 years and allows certificates or notes to be issued for projects that eliminate R-22.
- 8 Operation area as a taxing district, special tax.**  
Applies the levy certification requirements for special taxing districts to housing and redevelopment authorities.
- 9 Mandatory city levy.**  
Applies the levy certification requirements for special taxing districts to port authorities.
- 10 Discretionary city levy.**  
Applies the levy certification requirements for special taxing districts to port authorities.
- 11 City tax levy.**  
Applies the levy certification requirements for special taxing districts to economic development authorities.
- 12 Public facilities project.**  
Removes the requirement that public facilities funded by tax-exempt bonds must be publicly owned or be district heating and cooling facilities, which would allow any facility eligible to be financed under federal tax rules with tax-exempt bonds to qualify.

**Section Description – Article 12: Public Finance**

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**13 Qualified bonds.**

Strikes existing language that limits the projects that can be funded by public facility bonds, which would allow these bonds to finance any project for which the bonds can be used under federal tax rules.

**14 In installments; exception; annual limit.**

Removes the requirement that the 40-year term limit for tax-exempt bonds used to finance municipal water and wastewater treatment systems is only allowed for systems financed or guaranteed by the United States Department of Agriculture.

**15 Time deposits.**

Allows local public funds to be invested in time deposits that are fully insured by the National Association of Credit Unions.

**16 Purchase of certain equipment.**

For general obligation certificates of indebtedness or capital notes issued by a school district, extends the period in which the certificates or notes must be payable from ten years to 20 years.

## **Article 13: Stadium Payoff; Electronic Pull-Tabs; Gambling Taxes**

This article makes several changes related to the professional football stadium and lawful gambling, including:

- reducing the combined net receipts tax rates for certain charitable gambling receipts;
- modifying the definitions of “electronic bingo device,” “electronic pull-tab device,” and “electronic pull-tab game;”
- modifying the annual audit requirements of licensed charitable gambling organizations;
- imposing a cap on electronic pull-tab device distributor fees; and
- modifying the amount of the city of Minneapolis’s local sales tax that must be retained for various stadium-related purposes.

**Section Description – Article 13: Stadium Payoff; Electronic Pull-Tabs; Gambling Taxes**

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**1 Sports facilities transfers; appropriations.**

Strikes obsolete language and makes a conforming change due to the changes in section 2.



**Section Description – Article 13: Stadium Payoff; Electronic Pull-Tabs; Gambling Taxes**

**Effective date:** July 1, 2023.

**2 General fund allocations.**

Requires that the aggregate amount of the city’s debt service support payments be reduced to include only the principal amount of the city’s \$150,000,000 contribution to the financing of the stadium, if the stadium bonds are prepaid. Strikes the requirement that the city’s sales tax must be retained to recapture state advances for operating and capital expenses from 2016 through 2020. Modifies the amount of the city’s tax retained for the benefit of the Minnesota Sports Facilities Authority by limiting the retained amount to the lesser of the amount calculated under current law or three percent of the net taxes in the preceding year.

**Effective date:** July 1, 2023.

**3 Combined net receipts tax.**

Reduces the charitable gambling net receipts tax rates as follows:

Net receipts	Current	Enacted
Under \$87,000	9%	8%
\$87,001 - \$122,500	18%	17%
\$122,501 - \$157,500	27%	25%
\$157,5001 and over	36%	33.5%

**Effective date:** This section is effective for games reported as played after June 30, 2023.

**4 Annual audit, certified inventory, and cash count.**

Modifies the requirement that licensed charitable gambling organizations undergo an annual audit with the Department of Revenue by removing receipts from electronic pull-tabs from the \$750,000 gross receipts threshold that triggers the audit requirement, so long as the electronic pull-tab manufacturer that supplies the games undergoes a professional audit.

**Effective date:** This section is effective for audits conducted after June 30, 2024.

**5 Purpose.**

Modifies a purpose statement within chapter 349 relating to the conduct of lawful gambling.

**Effective date:** This section is effective for games approved after August 1, 2023.

**Section Description – Article 13: Stadium Payoff; Electronic Pull-Tabs; Gambling Taxes**

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**6 Electronic bingo device.**

Modifies the definition of “electronic bingo device” in chapter 349 to require that the device contain no spinning reels of other representations that mimic a video slot machine including free plays, bonus games, screens, or game features that appear after the initial symbols are revealed displaying the results of the game.

**Effective date:** This section is effective for games approved after August 1, 2023.

**7 Electronic pull-tab device.**

Modifies the definition of “electronic pull-tab device” in chapter 349 to require that the device be designed so that a player must individually activate or open each individual line, row, or column of each electronic pull-tab ticket.

**Effective date:** This section is effective for games approved after August 1, 2023.

**8 Electronic pull-tab game.**

Amends the definition of “electronic pull-tab game” in chapter 349 to require that the game contain a mechanism requiring a player to manually activate each ticket to be opened and a mechanism requiring a player to manually activate the reveal of each row of symbols as a separate and distinct action.

Requires that the device contain no spinning reels of other representations that mimic a video slot machine including free plays, bonus games, screens, or game features that appear after the initial symbols are revealed displaying the results of the game.

Requires that each game include certification of board approval.

**Effective date:** This section is effective for games approved after August 1, 2023.

**9 Manually activate.**

Creates a definition of “manually activate” in chapter 349. “Manually activate” means that a person must either touch an icon on the electronic pull-tab device screen or press a button located elsewhere on the electronic pull-tab device, or, exclusively for purposes of accommodating use by a player who is visually impaired, perform some other action that initiates activity on an electronic pull-tab device.

**Effective date:** This section is effective for games approved after August 1, 2023.

**Section Description – Article 13: Stadium Payoff; Electronic Pull-Tabs; Gambling Taxes**

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- 10      **Electronic pull-tab devices and electronic pull-tab system.**  
Allows the Gambling Control Board to remove from the inventories of distributors and licensed organizations any electronic pull-tab device that does not conform to the requirements of chapter 349.  
**Effective date:** This section is effective July 1, 2024.
- 11      **Electronic pull-tab distributor fees.**  
Provides a 25 percent cap on the fees that a licensed distributor may charge a licensed organization for electronic pull-tab games supplied. Allows a distributor to appeal to the board to impose a higher fee.  
**Effective date:** This section is effective the day following final enactment.
- 12      **Electronic pull-tab manufacturer audit required.**  
Imposes the requirement that a manufacturer licensed under chapter 349 complete an annual professional audit.  
**Effective date:** This section is effective July 1, 2024.
- 13      **Operating expenses.**  
Makes a conforming change due to the changes to the repayment of state advances by the city in section 2.  
**Effective date:** July 1, 2023.
- 14      **Capital improvements.**  
Makes a conforming change due to the changes to the repayment of state advances by the city in section 2.  
**Effective date:** July 1, 2023.
- 15      **Lawful gambling; removal of inventories.**  
Requires the Gambling Control Board to remove nonconforming games by December 31, 2024.
- 16      **Appropriations; secure perimeter.**  
Appropriates \$15,700,000 from the general fund to the Minnesota Sports Facilities Authority for a secure perimeter around the stadium.  
**Effective date:** Day following final enactment.

**Section Description – Article 13: Stadium Payoff; Electronic Pull-Tabs; Gambling Taxes**

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**17 Appropriations; optional debt payoff.**

Allows the commissioner of Minnesota Management and Budget (MMB) to use a general fund appropriation to fully prepay the stadium bonds in fiscal year 2023.

**Effective date:** Day following final enactment.

**18 Repealer.**

Repeals the stadium appropriation bonds section of law and the stadium reserve account.

**Effective date:** 60 days after the commissioner of MMB certifies prepayment of the stadium bonds.

## **Article 14: Teachers Retirement Association; St. Paul Teachers Retirement Fund Association; Normal Retirement Age**

This article makes several changes related to teacher pensions, including modifications of employee and employer contribution rates.

**Section Description – Article 14: Teachers Retirement Association; St. Paul Teachers Retirement Fund Association; Normal Retirement Age**

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**1 Pension adjustment revenue.**

Increases the pension adjustment rate for ISD No. 625, St. Paul, for fiscal year 2026 and later from 2.5 percent to 3.25 percent. For all other districts, the rate is increased from 1.25 percent to two percent, for the same fiscal years.

For fiscal years 2026 and 2027, the state total pension adjustment revenue is not prorated, but the maximum revenue after fiscal year 2027 must not exceed the amount calculated for fiscal year 2027.

**2 Normal retirement age.**

Establishes that through June 30, 2025, normal retirement age is the higher of age 65 or retirement age as defined federally (but not to exceed age 66). After that time, normal retirement age is 65.

**3 Employee contribution.**

Increases the employee contribution rate to the fund after June 30, 2025, from 11.25 percent to 11.5 percent for the basic program, and from 7.75 percent to eight percent for the coordinated program.

Section	Description – Article 14: Teachers Retirement Association; St. Paul Teachers Retirement Fund Association; Normal Retirement Age
4	<p><b>Employer.</b></p> <p>Increases the employer rate to the fund after June 30, 2025, from 8.75 percent to 9.5 percent for coordinated members and from 12.75 percent to 13.5 percent for basic members.</p>
5	<p><b>Normal retirement age (St. Paul Teachers Retirement Fund Association).</b></p> <p>Provides for the same definition of normal retirement age as in section 2.</p>
6	<p><b>Employee contributions (St. Paul Teachers Retirement Fund Association).</b></p> <p>Increases the employee contribution to the basic program after June 30, 2025, from 11.25 percent to 11.5 percent. For the coordinated program for the same fiscal years, the contribution percentage is increased from 8.75 percent to nine percent.</p>
7	<p><b>Employer regular and additional contributions (St. Paul Teachers Retirement Fund Association).</b></p> <p>For fiscal years after June 30, 2025, increases the employer contribution rate for coordinated members from nine percent to 9.75 percent. For basic members, the increase is from 12.5 percent to 13.25 percent, for the same fiscal years.</p>
8	<p><b>Amortization contributions.</b></p> <p>Beginning July 1, 2025, modifies the full funding date for the Teachers Retirement Association from June 30, 2048, to June 30, 2053.</p>
9	<p><b>Base adjustment.</b></p> <p>For the increased employer contributions to teachers' pensions, for fiscal year 2026 and later, increases the base budget for MNSCU by \$1,446,000, for Minnesota State Academies by \$44,000, and for the Perpich Center for the Arts by \$12,000.</p>

## Article 15: Miscellaneous

This article makes several miscellaneous changes related to property taxes, charitable gambling, and municipal government, including:

- requiring Minnesota Management and Budget to develop an interactive taxpayer receipt;
- requiring DOR to complete a study on free filing options and establishing an account for tax filing modernization;
- providing onetime grant payments to various cities and local units of government;
- modifying service requirements for petitions to challenge property taxes;

- allowing for lower interest rates to be charged on delinquent taxes and repayment plans on tax-forfeited properties;
- establishing tourism improvement districts, a new form of service district;
- providing an exception to the statutory net debt limit for the city of Virginia; and
- for Ramsey County, extending the period during which certain property owners can redeem property before tax forfeiture.

**Section Description – Article 15: Miscellaneous**

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**1 Duties.**

Specifies that the Tax Expenditure Review Commission may complete its “initial review” of tax expenditures sooner than three years after the commission was established.

**2 Report to legislature.**

Clarifies the time period covered by the Tax Expenditure Review Commission’s annual report.

**3 Taxpayer receipt.**

Requires MMB to publish and annually update an interactive taxpayer receipt on its website. The receipt would describe the share of state general fund expenditures represented by major expenditure categories, as well as the approximate allocation of motor vehicle fuels taxes among transportation expenditures. Based on the user’s income, the website must estimate the amount of income, sales, alcohol, tobacco, and motor vehicle fuels taxes paid by the user. The bill additionally requires the receipt to display select data on performance goals and outcomes.

**4 Claimant agency.**

Prohibits private nonprofit hospitals that lease a building from the county or city in which they are located from making revenue recapture claims.

**5 Taxes paid by Indians.**

Provides that the population used to compute refunds and payments under tax agreements between the commissioner of revenue and tribal governments is the number of enrolled members of the Tribe who live on or adjacent to the reservation as reported to the commissioner by the Tribe. (Current law provides that the on-or-adjacent-to population must be obtained from a Bureau of Indian Affairs report that is no longer submitted by the Tribes or published by the bureau.) Provides that refunds are meant to approximate the tax paid on the reservation by Tribal members, or the amount they would have paid on the reservation if there was no agreement. Gives instructions to the commissioner on how estimates should be calculated.

**Section Description – Article 15: Miscellaneous**

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**Effective date:** This section is effective retroactively for agreements entered into or amended after December 31, 2022.

**6 Payment agreements.**

Remove the \$50 fee charged to a taxpayer for entering into a payment agreement, for entering into a new payment agreement after a taxpayer has defaulted on a previous agreement, or for entering into a new payment agreement after a taxpayer has renegotiated the terms of an existing payment agreement.

**Effective date:** The day following final enactment, for payment plans entered into 30 days after the enactment date.

**7 Determination of validity.**

Requires that a petition challenging the validity of an assessment be served personally on the county auditor and allows the auditor to waive personal service in multiple ways. Removes requirements for additional copies to be served on other county officials. Requires the county auditor to provide copies of the petition to the county assessor, treasurer, and attorney and to send a list of petitioned properties to the school board of the district containing the properties. Reduces the number of copies of the petition and proofs of service that must be filed with the district court.

**Effective date:** This section is effective August 1, 2023.

**8 Rate.**

Removes a ten percent minimum interest rate on delinquent property taxes; allows a county board by resolution to set a lower interest rate on property taxes than the prime rate charged by banks during the six-month period ending on September 30 of that year.

**Effective date:** This section is effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2024.

**9 Interest rate.**

Allows a county board, or a county auditor if the county board has delegated its authority over tax-forfeited lands, to charge a lower interest rate on the unpaid balances of repurchase plans than the rate charged on delinquent taxes.

**Effective date:** This section is effective January 1, 2024.

**10 Taxpayer receipt.**

Requires the Department of Revenue to include on the individual income tax forms the option to elect to receive information about the taxpayer receipt.

**Section Description – Article 15: Miscellaneous**

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**11 Allocation of revenues.**

Beginning in fiscal year 2024, increases by three percent the share of solid waste management tax proceeds that are credited to the environmental fund. Requires that the three percent be deposited in the resource management account and spent on certain county waste reduction and recycling programs.

**Effective date:** Fiscal year 2024.

**12 Definitions.**

**Subd. 1. Applicability.** Applies the following defined terms to the new proposed chapter allowing establishment of tourism improvement districts.

**Subd. 2. Activity.** Defines “activity” as: promotion either of tourism or of the business activity of businesses subject to the charges allowed under this chapter; marketing, sales, and economic development; and other services to benefit businesses subject to the charges allowed under this chapter.

**Subd. 3. Business.** Defines “business” as a lodging business, as defined by the municipality’s ordinances.

**Subd. 4. Business owner.** Defines “business owner” as a person recognized by a municipality as the owner of a business.

**Subd. 5. City.** Defines “city” as a statutory or home rule charter city.

**Subd. 6. Clerk.** Defines “clerk” as the chief clerical officer of the municipality.

**Subd. 7. Governing body.** Defines “governing body” as: for a city, its council or other governing body; for a town, its board or other governing body; and for a county, its board of commissioners or other governing body.

**Subd. 8. Impacted business owners.** Defines “impacted business owners” as a majority of business owners in a proposed or established tourism improvement district.

**Subd. 9. Municipality.** Defines “municipality” as a city, county, or town.

**Subd. 10. Tourism improvement association.** Defines “tourism improvement association” as the entity contracted to implement the activities and improvements listed in the municipality’s ordinance.

**Subd. 11. Tourism improvement district.** Defines a “tourism improvement district” as a tourism improvement district established under this proposed statutory chapter.



**Section Description – Article 15: Miscellaneous**

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**Effective date:** This section is effective the day following final enactment.

**13 Establishment of tourism improvement district.**

**Subd. 1. Ordinance.** Allows a municipality to adopt an ordinance establishing a tourism improvement district upon receiving a petition from impacted business owners and after holding a public hearing. Establishes requirements for the ordinance.

**Subd. 2. Notice.** Requires publication of notice of the hearing and delivery of the notice to business owners who would be subject to the proposed service charges.

**Subd. 3. Business owner determination.** Obligates businesses to provide information on who owns them. Exonerates municipalities of any duty to seek information on business ownership beyond that provided by the business. Renders a municipality's determination regarding who owns a building final.

**Subd. 4. Service charges; relationship to services.** Allows a municipality to impose a service charge on a business pursuant to this chapter to fund activities and improvements to benefit businesses. Allows the charges to fund the costs of collections and administrative expenses.

**Subd. 5. Public hearing.** Allows business owners and others to testify regarding a proposed tourism improvement district and allows adoption of the ordinance establishing a district within six months of conclusion of the hearing.

**Subd. 6. Appeal to district court.** Allows a person who is not precluded by failure to object before or at the public hearing to appeal the decision to establish a tourism improvement district to the district court.

**Subd. 7. Notice to the commissioner of revenue.** Requires the municipality establishing a tourism improvement district to notify the commissioner of revenue within 30 days of adopting the ordinance establishing the district.

**Effective date:** This section is effective the day following final enactment.

**14 Service charge authority; notice; hearing requirement.**

**Subd. 1. Authority.** Allows a municipality to impose a service charge to finance an activity or improvement in the tourism improvement district provided at an increased level of service. Allows the service charge to be imposed in the amount necessary to pay for the increased level of service.

**Subd. 2. Annual hearing requirement; notice.** Requires an annual public hearing regarding continuation of an established tourism improvement district. Requires publication of notice of the hearing and delivery of the notice to business owners

**Section Description – Article 15: Miscellaneous**

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subject to the service charge. Allows testimony by impacted persons. Allows the municipality to adopt a resolution to continue imposing service charges within the district within six months after the hearing.

**Effective date:** This section is effective the day following final enactment.

**15 Modification of ordinance.**

**Subd. 1. Adoption of ordinance; request for modification.** Upon written request of a tourism improvement association, allows a municipality to modify a district by ordinance after a public hearing. Requires a petition from impacted business owners either to expand the district or to change the rate, method, or basis of imposing the service charge.

**Subd. 2. Notice of modification.** Requires publication of notice of the public hearing and delivery of the notice to the business owners subject to the charge.

**Subd. 3. Hearing on modification.** Allows affected persons and business owners to testify at the public hearing. Allows the municipality to adopt the proposed modification by ordinance within six months of the public hearing.

**Subd. 4. Objection.** Allows business owners to use the veto powers described below to object to any modification. Bases an objection to an expansion of a district on the vote of the majority of business owners in the expanded district.

**Effective date:** This section is effective the day following final enactment.

**16 Collection of service charges; penalties.**

Allows any designated entity to collect service charges in the time and manner described in the ordinance, including collection of interest and penalties as set out in the ordinance.

**Effective date:** This section is effective the day following final enactment.

**17 Tourism improvement association.**

**Subd. 1. Composition and duties.** Requires the tourism improvement association to appoint a governing board composed of impacted business owners or their representatives. Allows the board to manage the funds raised through service charges and to select activities and improvements from those listed in the municipal ordinance establishing the district.

**Subd. 2. Annual report.** Requires an annual report from the tourism improvement association to the municipality on the revenue raised by the district and any other information required by the establishing ordinance.

**Section Description – Article 15: Miscellaneous**

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**Effective date:** This section is effective the day following final enactment.

**18 Petition required.**

Requires a petition from impacted business owners to establish a tourism improvement district.

**Effective date:** This section is effective the day following final enactment.

**19 Veto powers of owners.**

**Subd. 1. Notice of right to file petitions.** Requires both that an establishing ordinance not take effect until at least 45 days after the necessary public hearing and that the municipality deliver to business owners subject to the charge a summary of the ordinance and notice of their right to veto the ordinance by a majority vote of owners subject to the charge.

**Subd. 2. Requirements for veto.** Prevents an establishing ordinance from becoming effective if impacted business owners file an objection before the effective date.

**Effective date:** This section is effective the day following final enactment.

**20 Disestablishment.**

**Subd. 1. Procedure for disestablishment.** Requires an annual 30-day period during which impacted business owners may petition for disestablishment of the district. Allows disestablishment by ordinance after holding a public hearing. Requires notice of the hearing to be published and delivered to business owners subject to the charge.

**Subd. 2. Objection.** Requires a 45-day window before an ordinance disestablishing a district becomes effective so that owners may file objections and veto disestablishment through the procedures in the preceding section.

**Subd. 3. Refund to business owners.** Requires that any remaining funds from the service charges be refunded to business owners upon disestablishment. Provides rules for calculating how to distribute the refunds.

**Effective date:** This section is effective the day following final enactment.

**21 Coordination of districts.**

Prohibits a county from establishing a tourism improvement district that overlaps with a tourism improvement district established by a city or town, and vice versa.

**Effective date:** This section is effective the day following final enactment.

**Section Description – Article 15: Miscellaneous**

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**22 Workforce and affordable homeownership development program.**

**Subd. 1. Establishment.** Amends the workforce and affordable homeownership development program to allow the Minnesota Housing Finance Agency (MHFA) to award loans under the program. Currently, MHFA may only award grants.

**Subd. 2. Use of funds.** Conforms the subdivision to the change allowing award of loans under this program.

**Subd. 3. Application.** Conforms the subdivision to the change allowing award of loans.

**Subd. 4. Awarding of grants and loans.** Conforms the subdivision to the change allowing award of loans.

**Subd. 5. Statewide program.** Conforms the subdivision to the change allowing award of loans and defines the metropolitan area for the purposes of requirements that the agency attempt to award grants and loans in equal amounts outside and within the metropolitan area.

**Subd. 6. Report.** Conforms the subdivision to the change allowing award of loans.

**Subd. 7. Workforce and affordable homeownership development account.** Establishes a workforce and affordable homeownership development account in the housing development fund. Appropriates money in the fund and the interest it bears to MHFA for the purposes of this program.

**Effective date:** July 1, 2023.

**23 Department of Revenue free filing report.**

Requires DOR to submit a report to the legislature on free electronic filing options for the individual income tax.

The report is due on January 15, 2024, and must include a review of free filing options in other states, an analysis of taxpayer needs, a description of alternative options for free filing, and an analysis of usage of the Internal Revenue Service Free File Program.

Appropriates \$175,000 to DOR in fiscal year 2024 for the report.

**24 Tax filing modernization.**

Establishes a tax filing modernization account in the special revenue fund, and transfers \$5,000,000 to the account in fiscal year 2024. DOR may use funds in the account to update and review changes to individual income tax forms as a result of

**Section Description – Article 15: Miscellaneous**

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- the act, coordinate state free filing options with federal free filing options, and develop and implement state free filing options for the individual income tax.
- 25 **Ramsey County; extending redemption periods of properties in targeted communities.**  
Extends the period of redemption to three years for properties that are, or were, in targeted communities in Ramsey County, effective for taxes that became due in 2023 or later.  
**Effective date:** This section is effective the day after the chief clerical officer of Ramsey County certifies that the governing body of Ramsey County has passed a resolution approving this section.
- 26 **Financial review of grant and business subsidy recipients.**  
Requires grants in this act be subject to financial review if they are issued prior to January 15, 2024. All other applicable grants issued after that date are subject to review under Minnesota Statutes, section 16B.981.  
**Effective date:** This section is effective the day following final enactment.
- 27 **Appropriation; taxpayer receipt.**  
Appropriates \$100,000 in fiscal year 2024 to MMB to develop the taxpayer receipt. The base for the appropriation is \$47,000 in future years.  
**Effective date:** This section is effective the day following final enactment.
- 28 **Appropriation; workforce and affordable homeownership development program.**  
Appropriates \$40,000,000 to the Minnesota Housing Finance Agency for deposit in the workforce and affordable homeownership development account (established in section 22).
- 29 **Appropriation; Crane Lake Water and Sanitary District debt relief.**  
Provides a grant of \$1,294,000 in fiscal year 2024 to the Crane Lake Water and Sanitary District to retire debt and lower the district’s monthly wastewater rates.
- 30 **Appropriation; city of Minneapolis; grant.**  
Provides a grant of \$10,000,000 to the city of Minneapolis in fiscal year 2023. Of this amount, \$8,000,000 must be used for a grant to a foundation that provides support to businesses on Lake Street, and \$2,000,000 must be used for property acquisition at the Roof Depot site in Minneapolis.  
**Effective date:** This section is effective the day following final enactment.

**Section Description – Article 15: Miscellaneous**

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**31 Appropriation; city of Northfield; grant.**

Provides \$300,000 in fiscal year 2024 to the city of Northfield for infrastructure costs related to a cooperatively owned manufactured home park.

**Effective date:** This section is effective the day following final enactment.

**32 Appropriation; city of Spring Grove; fire remediation grant.**

Provides a onetime appropriation in fiscal year 2024 of \$250,000 to the commissioner of revenue to provide grants to the city of Spring Grove for fire remediation costs. The city may use the funds as follows:

- disaster recovery;
- infrastructure replacement;
- reimbursement for emergency personnel costs;
- reimbursement for equipment costs; and
- reimbursement for property tax abatements.

Funds are available until June 30, 2025.

**33 Appropriation; city of Windom.**

Provides a grant of \$13,000,000 to the city of Windom in fiscal year 2023. Of this amount, \$10,000,000 must be used by the city to facilitate completion of the Windom HyLife Affordable Housing Development, \$2,000,000 must be used by the city for repayment of loans issued to the city from the Public Facilities Authority for wastewater improvements related to the HyLife Foods Windom processing plant, and \$1,000,000 must be used by the city for recruiting a purchaser of the HyLife Foods Windom processing plant.

**Effective date:** This section is effective the day following final enactment.

**34 Appropriation; Windom School District.**

Provides a onetime supplemental aid payment of \$1,000,000 to the Windom School District.

**Effective date:** This section is effective the day following final enactment.

**35 Administrative appropriation; Department of Revenue.**

Appropriates \$3,000,000 in fiscal year 2024 to the Department of Revenue to administer the act. The base for the appropriation is \$3,000,000 in fiscal year 2026.

**Section Description – Article 15: Miscellaneous**

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**36 Repealer.**

Repeals a requirement that those hospitals annually provide the commissioner of revenue with a copy of the lease agreement with the city or county.

**Effective date:** This section is effective the day following final enactment.

**Article 16: Department of Revenue Policy and Technical: Individual Income and Corporate Franchise Taxes**

This article makes a number of policy and technical changes related to individual income and corporate franchise taxes.

**Section Description – Article 16: Department of Revenue Policy and Technical: Individual Income and Corporate Franchise Taxes**

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**1 Nonresident withholding tax refund clarification.**

Clarifies that when there is an overpayment of nonresident withholding tax by a partnership or S corporation, a refund allowable under that section to the payor is limited to the amount of the overpayment that was not deducted and withheld from the shares of the payor's partners or shareholders.

**Effective date:** This section is effective the day following final enactment.

**2 Credit for taxes paid.**

Allows sole members of an entity disregarded for income tax purposes can receive credit for tax paid by the entity in another state.

**Effective date:** This section is effective for taxable years beginning after December 31, 2022.

**3 Miscellaneous withholding arrangements.**

Establishes a withholding rate of 6.25 percent, or the rate directed by the recipient, for periodic payments and nonperiodic distributions such as annuities and IRA distributions on demand. Makes nonsubstantive organizational changes for readability and clarity.

**Effective date:** This section is effective for periodic payments and nonperiodic distributions made on or after the day following final enactment. For periodic payments and nonperiodic distributions made on or after the day following final enactment but before January 1, 2024, the commissioner of revenue must not assess

**Description – Article 16: Department of Revenue Policy and Technical: Individual  
Section Income and Corporate Franchise Taxes**

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penalties relating to this amendment against a payor who complies with Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20.

**4 Surety deposits; out-of-state contractors.**

Clarifies that the obligation to withhold surety deposits on construction contracts exceeding \$50,000 applies to payments to construction companies that are corporations and cooperatives that are not organized under Minnesota law.

**Effective date:** This section is effective the day following final enactment.

**5 Property tax refund; homestead application.**

Changes the deadline for filing of a homestead application, and for the property to be classified as homestead, from December 15 to December 31, for purposes of the property tax refund, to match the deadlines for homestead applications for purposes of the homestead market value exclusion.

**Effective date:** This section is effective retroactively for refund claims based on property taxes payable in 2022 and thereafter.

## **Article 17: Department of Revenue Policy and Technical: Fire and Police State Aids**

This article makes a number of policy and technical changes related to the fire state aid and police state aid programs.

**Description – Article 17: Department of Revenue Policy and Technical: Fire and  
Section Police State Aids**

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**1 Compliance report due dates.**

Provides due dates for financial compliance reports submitted by the state auditor to the commissioner of revenue. The reports certify which relief associations are eligible to receive fire state aid.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**2 Apportionment agreement definition.**

Defines “apportionment agreement” for the purposes of fire state aid.



**Description – Article 17: Department of Revenue Policy and Technical: Fire and  
Section Police State Aids**

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- Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.
- 3     **Fire department definition.**  
Adds joint powers entities and fire protection special taxing districts to the definition of “fire department” for purposes of the fire state aid chapter.
- Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.
- 4     **Joint powers entity definition.**  
Defines a joint powers entity for purposes of fire state aid.
- Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.
- 5     **Municipality definition.**  
Includes joint powers entities and fire protection special taxing districts in the definition of “municipality” for purposes of fire state aid. Park districts and the University of Minnesota are eliminated from the definition. These two entities do not receive fire state aid, have not received it in the past, and are not anticipated to qualify for fire state aid in the future.
- Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.
- 6     **Secretary definition.**  
Includes the secretary or financial manager of a joint powers board or fire protection special taxing district board in the definition of “secretary” for purposes of fire state aid.
- Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.
- 7     **Fire department criteria.**  
Requires a fire department to have a fire department identification number issued by the state fire marshal to receive fire state aid.
- Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**Description – Article 17: Department of Revenue Policy and Technical: Fire and  
Section Police State Aids**

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- 8 Fire department personnel and benefits criteria.**  
Eliminates outdated personnel criteria for fire departments to receive fire state aid. Language is also added to clarify that a fire department may not be associated with more than one retirement benefit plan at the same time.  
**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.
- 9 Public safety answering point requirement.**  
Requires a fire department to be dispatched by a public safety answering point to qualify for fire state aid.  
**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.
- 10 Documentation filing requirements.**  
Clarifies the documentation required to be filed with the commissioner by municipalities and independent nonprofit firefighting corporations already receiving fire state aid, and those applying for the first time. For those already receiving aid, notifications of contract formation and termination, and notice of fire department dissolution, must be provided to the commissioner within 60 days of the event.  
  
For departments applying for fire state aid for the first time, notice of apportionment agreements, joint powers agreements, and fire protection special taxing district resolutions or agreements must be filed with the commissioner. If any of the above-listed documents are updated, the updated version must also be filed with the commissioner within 60 days of the update. In the event a fire department is located in an unorganized territory, the county auditor is also required to provide information that the commissioner needs to apportion the estimated market value of the fire department service area.  
**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.
- 11 PERA certification.**  
Provides that the executive director of the Public Employees Retirement Association (PERA) only needs to certify to the commissioner of revenue which fire departments began or terminated participation in the voluntary statewide volunteer firefighter retirement plan since the previous certification. Requires the certifications to include the number of active volunteer firefighters under section 17, information required for aid calculation.

**Description – Article 17: Department of Revenue Policy and Technical: Fire and  
Section Police State Aids**

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Also provides the due date for PERA to certify the number of active firefighters to the commissioner of revenue and to the state auditor, and clarifies that the certification requirement applies to all municipalities and independent nonprofit firefighting corporations participating in the voluntary statewide volunteer firefighter retirement plan, not just to relief associations that were recently terminated because benefits started being provided by the statewide plan.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**12 Fire department certification to the commissioner.**

Requires the municipal clerk or the secretary to annually certify a fire department's service area and whether all the qualification criteria for fire state aid are met. The municipal clerk or secretary must send a copy of the certification to the fire chief within five business days of filing with the commissioner.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**13 Fire state aid penalty for failure to file or correct certification.**

Establishes a penalty for failure to file the certification required under subdivision 9 on or before March 1st or if a corrective certification is not filed by March 15 or more than 30 days after the date of the commissioner's notice of rejection.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**14, 22 Certain tax credits and calculation of amount of fire and policy state aid available for apportionment.**

Clarifies that when the department annually calculates the amount of fire and police state aid available for apportionment based on insurance premium data, the calculation is not affected by premium tax credits received under the historic structure insurance premium tax credit, film production insurance premium tax credit, and Minnesota housing insurance premium tax credit.

Deletes vague language describing adjustments to aid payments.

**Effective date:** This section is effective the day following final enactment.

**15 Population data.**

Requires the commissioner to use the most recent population estimates from the state demographer, rather than federal census data, to calculate fire state aid. Also

**Description – Article 17: Department of Revenue Policy and Technical: Fire and  
Section Police State Aids**

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requires the commissioner to use the estimated market value (EMV) property figures for the assessment year immediately prior to aid distribution in any calculations requiring EMV figures.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**16 Fire state aid initial allocation amount.**

Clarifies that fire state aid allocation for those providing fire protection to more than one municipality includes those that enter into joint power agreements or resolutions, not just those that enter into service contracts.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**17 Fire state aid minimum allocation amount.**

Clarifies that the minimum fire state aid allocation amount, that is based on the number of active volunteer firefighters, for a municipality or independent nonprofit firefighting corporation that provides retirement coverage under Chapter 353G equals the number of active firefighters covered by the retirement plan within 30 days of the date the municipality or independent nonprofit firefighting corporation begins coverage in the plan, not to exceed 30.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**18 Fire state aid appeal.**

Provides that objections to fire state aid apportionments may only be raised within 60 days after the apportioned fire state aid is paid. There was previously no timeline for objections.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**19 Timing and direction of fire state aid payments.**

Clarifies that aid is withheld for noncompliance with financial reporting requirements. If the Office of the State Auditor certifies that the requirements have been met, the commissioner of revenue must make the payments within ten business days of receipt of the certification.

Also clarifies that fire state aid payments will be distributed to the largest municipality in population located within a joint powers entity and within the fire

**Description – Article 17: Department of Revenue Policy and Technical: Fire and  
Section Police State Aids**

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department service area of independent nonprofit firefighting corporations. If a joint powers entity has designated an agency as its fiscal agent, however, the payments will be distributed to that agency regardless of population size.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**20 Fire state aid amount corrections.**

Specifies how clerical errors that resulted in incorrect overpayments or underpayments of fire state aid are adjusted. Adjustments must occur within three years after a payment is issued.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**21 Police state aid penalty for failure to file or correct certification.**

Establishes a penalty for failure to file the certification required under subdivisions 1 or 2 on or before March 1 or if a corrective certification is not filed by March 15 or more than 30 days after the date of the commissioner’s notice of rejection.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**23 Police state aid appeal.**

Provides that objections to police state aid apportionments may only be raised within 60 days after the apportioned police state aid is paid. There was previously no timeline for objections.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**24 Police state aid amount corrections.**

Specifies how clerical errors that resulted in incorrect overpayments and underpayments of police state aid are adjusted. Adjustments must occur within three years after a payment is issued.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

**25 Repealer.**

Repeals outdated equipment requirements for fire departments that are no longer used in determining qualification for fire state aid and vague language describing aid

**Description – Article 17: Department of Revenue Policy and Technical: Fire and  
Section Police State Aids**

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payment adjustments that is no longer needed with the fire state aid correction language added elsewhere in this article.

**Effective date:** This section is effective for aids payable in calendar year 2024 and thereafter.

## **Article 18: Department of Revenue Policy and Technical: Data Practices**

This article makes a number of policy and technical changes related to data practices.

**Description – Article 18: Department of Revenue Policy and Technical: Data  
Section Practices**

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**1 Disclosure of welfare data.**

Clarifies that welfare data is able to be disclosed to the department to prepare the databases for reports required under section 270C.13.

**Effective date:** This section is effective the day following final enactment.

**2 Tax incidence study report.**

Allows the commissioner to request information from any state officer or agency for the department's reports under section 270C.13. The state officer or agency shall provide the data requested to the extent permitted by law.

**Effective date:** This section is effective the day following final enactment.

**3 Publication of tax preparers.**

Requires publication of a paid tax preparer who has been assessed a penalty in excess of \$1,000 for failing to provide a preparer tax identification number on returns they prepare and file for others.

**Effective date:** This section is effective for returns filed after December 31, 2023.

**4 Owner or managing agent to furnish rent certificate.**

The department, after consulting with affected representatives, can require owners and managing agents to e-file copies of certificates of rent paid (CRPs) issued to renters. The change supplements that authority by letting the department require

**Description – Article 18: Department of Revenue Policy and Technical: Data Practices**

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CRP issuers to submit their taxpayer identification number to the department when e-filing the CRPs.

**Effective date:** This section is effective for refund claims based on rent paid in 2023 and thereafter.

**5 - 6 Background check; access to federal tax information.**

Addresses the feedback that the Minnesota Bureau of Criminal Apprehension received from the U.S. Department of Justice / FBI in order to satisfy the requirements under Public Law 92-544.

**Effective date:** This section is effective the day following final enactment.

**7 Homestead property tax burden report.**

Allows the commissioner to request information from any state officer or agency. The state officer or agency shall provide the data requested to the extent permitted by law.

**Effective date:** This section is effective the day following final enactment.

## **Article 19: Department of Revenue Policy and Technical: Miscellaneous**

This article makes a number of policy and technical changes related to various state taxes.

**Description – Article 19: Department of Revenue Policy and Technical: Miscellaneous**

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**1 - 2 Population used in Tribal tax agreements.**

Provides that the population used to compute refunds and payments under tax agreements between the commissioner of revenue and Tribal governments is the number of enrolled members of the Tribe who live on or adjacent to the reservation as reported to the commissioner by the Tribe.

Current law provides that the on-or-adjacent-to population must be obtained from a Bureau of Indian Affairs report that is no longer submitted by the Tribes or published by the bureau.

Also adds language that states that refunds are meant to approximate the tax paid on the reservation by Tribal members, or the amount they would have paid on the

**Description – Article 19: Department of Revenue Policy and Technical:**  
**Section Miscellaneous**

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reservation if there was no agreement. Also gives instructions to the commissioner on how estimates should be calculated.

**Effective date:** This section is effective retroactively for agreements entered into or amended after December 31, 2022.

**3 Health care provider.**

Clarifies that a health care provider, for MinnesotaCare Tax purposes, does not include a person or entity that receives all their payments for patient services from a source of funds that is excluded from tax under sections 295.50 to 295.59. Currently, the statute includes the word “exempt” but not “excluded.”

Replaces the words “this chapter” with “sections 295.50 to 295.59” since Chapter 295 also includes the unrelated liquor gross receipts tax, and this provision is not applicable to that tax.

**Effective date:** This section is effective the day following final enactment.

**4 Surcharge publication date.**

Moves the annual deadline for publication of the debt service surcharge from April 1 to May 1. This change is necessary because the Department cannot publish the debt service surcharge until Minnesota Management and Budget publishes its debt service forecast, which is due on April 1 of each year. The amendment also removes outdated language from the subdivision.

**Effective date:** This section is effective the day following final enactment.

**5 Definition of “state.”**

Conforms with the recently amended Streamlined Sales Tax definition of “state.” This amendment provides that, for sales and use tax purposes, “state” also includes any territory of the United States.

**Effective date:** This section is effective for sales and purchases made after June 30, 2023.



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