

1.1 ..... moves to amend H.F. No. 2125 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 FEDERAL CONFORMITY

1.5 Section 1. Minnesota Statutes 2018, section 270A.03, subdivision 5, is amended to read:

1.6 Subd. 5. **Debt; debtor.** (a) "Debt" means a legal obligation of a natural person to pay a  
1.7 fixed and certain amount of money, which equals or exceeds \$25 and which is due and  
1.8 payable to a claimant agency. The term includes criminal fines imposed under section 609.10  
1.9 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision  
1.10 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court  
1.11 order, or other legal obligation, but need not have been reduced to judgment.

1.12 A debt includes any legal obligation of a current recipient of assistance which is based  
1.13 on overpayment of an assistance grant where that payment is based on a client waiver or  
1.14 an administrative or judicial finding of an intentional program violation; or where the debt  
1.15 is owed to a program wherein the debtor is not a client at the time notification is provided  
1.16 to initiate recovery under this chapter and the debtor is not a current recipient of food support,  
1.17 transitional child care, or transitional medical assistance.

1.18 (b) A debt does not include any legal obligation to pay a claimant agency for medical  
1.19 care, including hospitalization if the income of the debtor at the time when the medical care  
1.20 was rendered does not exceed the following amount:

1.21 (1) for an unmarried debtor, an income of \$12,560 or less;

1.22 (2) for a debtor with one dependent, an income of \$16,080 or less;

1.23 (3) for a debtor with two dependents, an income of \$19,020 or less;

- 2.1 (4) for a debtor with three dependents, an income of \$21,580 or less;
- 2.2 (5) for a debtor with four dependents, an income of \$22,760 or less; and
- 2.3 (6) for a debtor with five or more dependents, an income of \$23,730 or less.

2.4 For purposes of this paragraph, "debtor" means the individual whose income, together  
2.5 with the income of the individual's spouse, other than a separated spouse, brings the  
2.6 individual within the income provisions of this paragraph. For purposes of this paragraph,  
2.7 a spouse, other than a separated spouse, shall be considered a dependent.

2.8 (c) The commissioner shall annually adjust the ~~income~~ amounts in paragraph (b) ~~by the~~  
2.9 ~~percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue~~  
2.10 ~~Code, except that in section 1(f)(3)(B) the word "2014" shall be substituted for the word~~  
2.11 ~~"1992."~~ For 2016, the commissioner shall then determine the percent change from the 12  
2.12 ~~months ending on August 31, 2014, to the 12 months ending on August 31, 2015, and in~~  
2.13 ~~each subsequent year, from the 12 months ending on August 31, 2014, to the 12 months~~  
2.14 ~~ending on August 31 of the year preceding the taxable year. The determination of the~~  
2.15 ~~commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be~~  
2.16 ~~subject to the Administrative Procedure Act contained in chapter 14. The income amount~~  
2.17 ~~as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount~~  
2.18 ~~is rounded up to the nearest \$10 amount as provided in section 270C.22. The statutory year~~  
2.19 ~~is taxable year 2019.~~

2.20 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the  
2.21 dollar amount of the premium authorized under section 256L.15, subdivision 1a.

2.22 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
2.23 years beginning after December 31, 2019.

2.24 Sec. 2. **[270C.22] COST OF LIVING ADJUSTMENT.**

2.25 **Subdivision 1. Adjustment; definition; period; rounding.** (a) The commissioner shall  
2.26 annually make a cost of living adjustment to the dollar amounts noted in sections that  
2.27 reference this section. The commissioner shall adjust the amounts based on the index as  
2.28 provided in this section. For purposes of this section, "index" means the Chained Consumer  
2.29 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The  
2.30 values of the index used to determine the adjustments under this section are the latest  
2.31 published values when the Bureau of Labor Statistics publishes the initial value of the index  
2.32 for August of the year preceding the year to which the adjustment applies.

3.1 (b) For the purposes of this section, "statutory year" means the year preceding the first  
3.2 year for which dollar amounts are to be adjusted for inflation under sections that reference  
3.3 this section. For adjustments under chapter 290A, "statutory year" means the year in which  
3.4 refunds are payable preceding the first year for which amounts in chapter 290A are indexed  
3.5 under this section.

3.6 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall  
3.7 determine the percentage change in the index for the 12-month period ending on August  
3.8 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing  
3.9 this section by that percentage change. For each subsequent taxable year, the commissioner  
3.10 shall increase the dollar amounts by the percentage change in the index from August 31 of  
3.11 the year preceding the statutory year to August 31 of the year preceding the taxable year.

3.12 (d) To determine the dollar amounts for refunds payable in 2021 under chapter 290A,  
3.13 the commissioner shall determine the percentage change in the index for the 12-month  
3.14 period ending on August 31, 2020, and increase each of the unrounded dollar amounts in  
3.15 the sections referencing this section by that percentage change. For each subsequent year,  
3.16 the commissioner shall increase the dollar amounts by the percentage change in the index  
3.17 from August 31 of the year preceding the statutory year to August 31 of the year preceding  
3.18 the year in which refunds are payable.

3.19 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted  
3.20 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest  
3.21 \$10 amount.

3.22 Subd. 2. **Publication.** The commissioner shall announce and publish the adjusted dollar  
3.23 amounts required by subdivision 1 on the Department of Revenue's website on or before  
3.24 December 15 of each year.

3.25 Subd. 3. **Special provision.** The determination of the commissioner under this subdivision  
3.26 is not a rule and is not subject to the Administrative Procedure Act under chapter 14,  
3.27 including section 14.386.

3.28 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
3.29 years beginning after December 31, 2019, calendar years beginning after December 31,  
3.30 2019, and for refunds based on rent paid in 2019 and property taxes payable in 2020.

4.1 Sec. 3. Minnesota Statutes 2018, section 289A.02, subdivision 7, is amended to read:

4.2 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
4.3 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
4.4 ~~16, 2016~~ December 31, 2018.

4.5 **EFFECTIVE DATE.** This section is effective the day following final enactment except  
4.6 the changes incorporated by federal changes are effective retroactively at the same time the  
4.7 changes became effective for federal purposes.

4.8 Sec. 4. Minnesota Statutes 2018, section 289A.08, subdivision 1, is amended to read:

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

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

4.16 (2) an individual who is a Minnesota resident is not required to file a Minnesota income  
4.17 tax return if the individual's gross income derived from Minnesota sources as determined  
4.18 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions  
4.19 12 and 15, is less than the filing requirements for a single individual who is a full-year  
4.20 resident of Minnesota.

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

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

4.29 (d) The commissioner of revenue must annually determine the gross income levels at  
4.30 which individuals are required to file a return for each taxable year based on the amounts  
4.31 that may be subtracted under section 290.0132, subdivision 19.

5.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
5.2 31, 2018.

5.3 Sec. 5. Minnesota Statutes 2018, section 289A.08, subdivision 7, is amended to read:

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

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

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

5.18 (d) The electing partner must not have any Minnesota source income other than the  
5.19 income from the partnership and other electing partnerships. If it is determined that the  
5.20 electing partner has other Minnesota source income, the inclusion of the income and tax  
5.21 liability for that partner under this provision will not constitute a return to satisfy the  
5.22 requirements of subdivision 1. The tax paid for the individual as part of the composite return  
5.23 is allowed as a payment of the tax by the individual on the date on which the composite  
5.24 return payment was made. If the electing nonresident partner has no other Minnesota source  
5.25 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

6.12 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
6.13 adjusted gross income from the partnership modified by the additions provided in section  
6.14 290.0131, subdivisions 8 to ~~10~~ 10 and 16, and the subtractions provided in: (1) section  
6.15 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota  
6.16 under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed  
6.17 under section 290.0132, subdivision 9, is only allowed on the composite tax computation  
6.18 to the extent the electing partner would have been allowed the subtraction.

6.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.20 31, 2018.

6.21 Sec. 6. Minnesota Statutes 2018, section 289A.12, subdivision 14, is amended to read:

6.22 Subd. 14. **Reporting exempt interest and exempt-interest dividends.** (a) A regulated  
6.23 investment company paying \$10 or more in exempt-interest dividends to an individual who  
6.24 is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or  
6.25 exempt-interest dividends and paying as nominee to an individual who is a resident of  
6.26 Minnesota, must make a return indicating the amount of the exempt interest or  
6.27 exempt-interest dividends, the name, address, and Social Security number of the recipient,  
6.28 and any other information that the commissioner specifies. The return must be provided to  
6.29 the recipient by February 15 of the year following the year of the payment. The return  
6.30 provided to the recipient must include a clear statement, in the form prescribed by the  
6.31 commissioner, that the exempt interest or exempt-interest dividends must be included in  
6.32 the computation of Minnesota taxable income. By June 1 of each year, the payer must file  
6.33 a copy of the return with the commissioner.

7.1 (b) For purposes of this subdivision, the following definitions apply.

7.2 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section  
7.3 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest  
7.4 dividends that are not required to be added to federal ~~taxable~~ adjusted gross income under  
7.5 section 290.0131, subdivision 2, paragraph (b).

7.6 (2) "Regulated investment company" means regulated investment company as defined  
7.7 in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company  
7.8 as defined in section 851(g) of the Internal Revenue Code.

7.9 (3) "Exempt interest" means income on obligations of any state other than Minnesota,  
7.10 or a political or governmental subdivision, municipality, or governmental agency or  
7.11 instrumentality of any state other than Minnesota, and exempt from federal income taxes  
7.12 under the Internal Revenue Code or any other federal statute.

7.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
7.14 31, 2018.

7.15 Sec. 7. Minnesota Statutes 2018, section 289A.20, is amended by adding a subdivision to  
7.16 read:

7.17 **Subd. 1a. Tax on deferred foreign income; election to pay in installments.** (a) A  
7.18 taxpayer subject to tax under section 290.06, subdivision 1, may elect to pay the net tax  
7.19 liability on the deferred foreign income in installments in the same percentages of the net  
7.20 tax liability for each taxable year as provided in section 965(h)(1) of the Internal Revenue  
7.21 Code. Payment of an installment for a taxable year is due on the due date, determined without  
7.22 regard to any extensions of time for filing the return, for the tax return for that taxable year.

7.23 (b) If an acceleration of payment applies for federal income tax purposes under section  
7.24 965(h)(3) of the Internal Revenue Code, the unpaid portion of the remaining installments  
7.25 due under chapter 290 must be paid on the same date as the federal tax is due. Assessment  
7.26 of deficiencies must be prorated as provided under section 965(h)(4) of the Internal Revenue  
7.27 Code.

7.28 (c) For purposes of determining date and time limits under sections 270C.62, 270C.63,  
7.29 270C.67, and 270C.68, the date on which an installment is due under paragraph (a), including  
7.30 any acceleration under paragraph (b), must be treated as the assessment date, due date, or  
7.31 other date from which the time limit must be determined for that payment.

7.32 (d) For purposes of this subdivision, "net tax liability" means the excess of:

8.1 (1) the tax liability, determined under chapter 290, for the taxable year in which the  
8.2 deferred foreign income was includable in federal taxable income; over

8.3 (2) the tax liability, determined under chapter 290, for that taxable year computed after  
8.4 excluding the deferred foreign income under section 965 of the Internal Revenue Code.

8.5 (e) If a taxpayer has not made the first installment payment under paragraph (a), the  
8.6 taxpayer must pay the first installment payment at the same time and due date as the second  
8.7 installment payment. For purposes of paragraph (c), payments under this paragraph are  
8.8 deemed to be due at the same time the second installment is due.

8.9 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
8.10 changes in Public Law 115-97 relating to deferred foreign income were effective for federal  
8.11 purposes.

8.12 Sec. 8. Minnesota Statutes 2018, section 289A.35, is amended to read:

8.13 **289A.35 ASSESSMENTS ON RETURNS.**

8.14 (a) The commissioner may audit and adjust the taxpayer's computation of federal adjusted  
8.15 gross income, federal taxable income, items of federal tax preferences, or federal credit  
8.16 amounts to make them conform with the provisions of chapter 290 or section 298.01. If a  
8.17 return has been filed, the commissioner shall enter the liability reported on the return and  
8.18 may make any audit or investigation that is considered necessary.

8.19 (b) Upon petition by a taxpayer, and when the commissioner determines that it is in the  
8.20 best interest of the state, the commissioner may allow S corporations and partnerships to  
8.21 receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their  
8.22 owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must  
8.23 be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

8.24 (c) A taxpayer may petition the commissioner for the use of the method described in  
8.25 paragraph (b) after the taxpayer is notified that an audit has been initiated and before an  
8.26 order of assessment has been issued.

8.27 (d) A determination of the commissioner under paragraph (b) to grant or deny the petition  
8.28 of a taxpayer cannot be appealed to the Tax Court or any other court.

8.29 (e) The commissioner may audit and adjust the taxpayer's computation of tax under  
8.30 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner  
8.31 shall notify the estate no later than nine months after the filing date, as provided by section



9.1 289A.38, subdivision 2, whether the return is under examination or the return has been  
9.2 processed as filed.

9.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.4 31, 2018.

9.5 Sec. 9. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
9.6 read:

9.7 Subd. 3c. **Determination of marital status.** The determination of marital status is made  
9.8 by section 7703 of the Internal Revenue Code.

9.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.10 31, 2018.

9.11 Sec. 10. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
9.12 read:

9.13 Subd. 14a. **Surviving spouse.** The term "surviving spouse" means an individual who is  
9.14 a surviving spouse under section 2(a) of the Internal Revenue Code for the taxable year.

9.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
9.16 31, 2018.

9.17 Sec. 11. Minnesota Statutes 2018, section 290.01, subdivision 19, is amended to read:

9.18 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a  
9.19 corporation taxable under section 290.02, the term "net income" means the federal taxable  
9.20 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through  
9.21 the date named in this subdivision, incorporating the federal effective dates of changes to  
9.22 the Internal Revenue Code and any elections made by the taxpayer in accordance with the  
9.23 Internal Revenue Code in determining federal taxable income for federal income tax  
9.24 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

9.25 (b) For an individual, the term "net income" means federal adjusted gross income with  
9.26 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

9.27 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
9.28 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
9.29 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
9.30 except that:

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

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

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

10.10 (d) The net income of a real estate investment trust as defined and limited by section  
10.11 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
10.12 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

10.16 (f) The Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~  
10.17 December 31, 2018, shall be in effect for taxable years beginning after December 31, 1996.

10.18 (g) Except as otherwise provided, references to the Internal Revenue Code in this  
10.19 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of  
10.20 determining net income for the applicable year.

10.21 **EFFECTIVE DATE.** (a) The amendments to paragraphs (a) and (b) are effective for  
10.22 taxable years beginning after December 31, 2018.

10.23 (b) The amendment to paragraph (f) is effective the day following final enactment, except  
10.24 the changes incorporated by federal changes are effective retroactively at the same time as  
10.25 the changes became effective for federal purposes, but are subject to the application of  
10.26 Minnesota Statutes, section 290.993.

10.27 Sec. 12. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
10.28 read:

10.29 Subd. 19i. **Deferred foreign income.** "Deferred foreign income" means the income of  
10.30 a domestic corporation that is included in net income under section 965 of the Internal  
10.31 Revenue Code, exclusive of the deduction allowed under section 965(c) of the Internal  
10.32 Revenue Code.

11.1 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
 11.2 changes in Public Law 115-97 relating to deferred foreign income were effective for federal  
 11.3 purposes.

11.4 Sec. 13. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
 11.5 read:

11.6 Subd. 21a. **Adjusted gross income; federal adjusted gross income.** The terms "adjusted  
 11.7 gross income" and "federal adjusted gross income" mean adjusted gross income, as defined  
 11.8 in section 62 of the Internal Revenue Code, as amended through the date named in  
 11.9 subdivision 19, incorporating the federal effective date of changes to the Internal Revenue  
 11.10 Code and any elections made by the taxpayer under the Internal Revenue Code in determining  
 11.11 federal adjusted gross income for federal income tax purposes.

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

11.13 Sec. 14. Minnesota Statutes 2018, section 290.01, subdivision 29a, is amended to read:

11.14 Subd. 29a. **State itemized deduction.** "State itemized ~~deduction~~ deductions" means  
 11.15 ~~federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code,~~  
 11.16 ~~disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by~~  
 11.17 ~~the amount of the addition required under section 290.0131, subdivision 13~~ the itemized  
 11.18 deductions for individual income tax allowed under section 290.0122, subdivision 1, reduced  
 11.19 by the limit under subdivision 10.

11.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 11.21 31, 2018.

11.22 Sec. 15. Minnesota Statutes 2018, section 290.01, subdivision 31, is amended to read:

11.23 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
 11.24 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
 11.25 ~~16, 2016~~ December 31, 2018. Internal Revenue Code also includes any uncodified provision  
 11.26 in federal law that relates to provisions of the Internal Revenue Code that are incorporated  
 11.27 into Minnesota law.

11.28 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
 11.29 the changes incorporated by the federal changes are effective retroactively at the same time  
 11.30 as the changes became effective for federal purposes, but are subject to the application of  
 11.31 Minnesota Statutes, section 290.933.

12.1 Sec. 16. 290.0121] DEPENDENT EXEMPTION.

12.2 Subdivision 1. Exemption amount. (a) A taxpayer's exemption amount equals:

12.3 (1) the exemption amount, multiplied by the number of individuals who are dependents,  
12.4 as defined in section 152 of the Internal Revenue Code, of the taxpayer for the taxable year;  
12.5 minus

12.6 (2) the disallowed exemption amount under subdivision 2, but the remainder may not  
12.7 be less than zero.

12.8 (b) The exemption amount equals \$4,250.

12.9 Subd. 2. Disallowed exemption amount (a) The disallowed exemption amount equals  
12.10 the exemption amount allowed under subdivision 1 multiplied by the applicable percentage.

12.11 (b) For a married individual filing a separate return, "applicable percentage" means two  
12.12 percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal  
12.13 adjusted gross income for the taxable year exceeds the threshold amount. For all other filers,  
12.14 applicable percentage means two percentage points for each \$2,500, or fraction of that  
12.15 amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds  
12.16 the threshold amount. The applicable percentage must not exceed 100 percent.

12.17 (c) "Threshold amount" means:

12.18 (1) \$291,950 for a joint return or a surviving spouse;

12.19 (2) \$243,300 for a head of a household;

12.20 (3) \$194,650 for an individual who is not married and who is not a surviving spouse or  
12.21 head of a household; and

12.22 (4) \$145,950 for a married individual filing a separate return.

12.23 Subd. 3. Inflation adjustment. For taxable years beginning after December 31, 2019,  
12.24 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph  
12.25 (a), clause (1), and the threshold amounts in subdivision 2, as provided in section 270C.22.

12.26 The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to  
12.27 the nearest \$50 amount. If the amount ends in \$25, the amount is rounded down to the  
12.28 nearest \$50 amount. The threshold amount for married individuals filing separate returns  
12.29 must be one-half of the adjusted amount for married individuals filing joint returns.

12.30 EFFECTIVE DATE. This section is effective for taxable years beginning after December  
12.31 31, 2018.

13.1 Sec. 17. 290.0122] ITEMIZED DEDUCTIONS.

13.2 Subdivision 1. Itemized deductions. A taxpayer's itemized deductions equal the sum  
13.3 of the amounts allowed as a deduction under this section, reduced by the amount calculated  
13.4 under subdivision 2.

13.5 Subd. 2. Deductions limited; inflation adjustment. (a) The itemized deductions of a  
13.6 taxpayer with adjusted gross income in excess of the applicable amount are reduced by the  
13.7 lesser of:

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

13.10 (2) 80 percent of the amount of the taxpayer's itemized deductions.

13.11 (b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a  
13.12 separate return.

13.13 (c) For the purposes of this subdivision, "itemized deductions" means the itemized  
13.14 deductions otherwise allowable to the taxpayer under subdivision 1, except itemized  
13.15 deductions excludes:

13.16 (1) the portion of the deduction for interest under subdivision 5 that represents investment  
13.17 interest;

13.18 (2) the deduction for medical expenses under subdivision 6; and

13.19 (3) the deduction for losses under subdivision 8.

13.20 (d) For taxable years beginning after December 31, 2019, the commissioner must adjust  
13.21 for inflation the applicable amounts under paragraph (b) and the threshold amounts in  
13.22 subdivision 2, as provided in section 270C.22. The statutory year is taxable year 2019. The  
13.23 amounts as adjusted must be rounded down to the nearest \$50 amount. If the amount ends  
13.24 in \$25, the amount is rounded down to the nearest \$50 amount. The threshold amount for  
13.25 married individuals filing separate returns must be one-half of the adjusted amount for  
13.26 married individuals filing joint returns.

13.27 Subd. 3. Taxes paid. (a) A taxpayer is allowed a deduction for taxes paid. The deduction  
13.28 equals the sum of the following amounts for the taxable year:

13.29 (1) state and local personal property taxes, and state, local, and foreign real property  
13.30 taxes, in a total amount for both types not to exceed \$10,000, or \$5,000 for a married couple  
13.31 filing separate returns;

14.1 (2) foreign income, war profits, and excess profits taxes to the extent not reduced by the  
14.2 federal foreign tax credit; and

14.3 (3) for individuals who are allowed a federal foreign tax credit for taxes that do not  
14.4 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
14.5 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
14.6 foreign taxes reported in claiming the foreign tax credit, and to the extent not deducted  
14.7 under clause (2).

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

14.9 (1) "carryover of subnational foreign taxes" equals the carryover allowed under section  
14.10 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they  
14.11 exceed the federal foreign tax credit;

14.12 (2) "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
14.13 Revenue Code; and

14.14 (3) "foreign, income, war profits, and excess profits taxes" and "state and local real and  
14.15 personal property taxes" have the meanings given in section 164 of the Internal Revenue  
14.16 Code.

14.17 Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable  
14.18 contributions. The deduction equals the amount of the charitable contribution deduction  
14.19 allowable to the taxpayer under section 170 of the Internal Revenue Code, except that the  
14.20 provisions of section 170(b)(1)(G) apply regardless of the taxable year.

14.21 (b) For taxable years beginning after December 31, 2017, the determination of carryover  
14.22 amounts must be made by applying the rules under section 170 of the Internal Revenue  
14.23 Code based on the charitable contribution deductions claimed and allowable under this  
14.24 section.

14.25 Subd. 5. **Interest.** A taxpayer is allowed a deduction for interest. The deduction equals  
14.26 the amount allowed to the taxpayer as interest paid or accrued during the taxable year under  
14.27 section 163 of the Internal Revenue Code with the following exceptions:

14.28 (1) qualified residence interest excludes home equity interest;

14.29 (2) acquisition indebtedness must not exceed \$750,000, or \$375,000 for a married  
14.30 separate return, for indebtedness incurred on or after December 16, 2017; and

14.31 (3) mortgage insurance premiums treated as interest under section 163(E) are not interest  
14.32 for the purposes of this subdivision.

15.1 The definitions of terms under section 163 of the Internal Revenue Code apply for purposes  
15.2 of this subdivision.

15.3 Subd. 6. **Medical expenses.** A taxpayer is allowed a deduction for medical expenses.  
15.4 The deduction equals the amount allowed under section 213 of the Internal Revenue Code,  
15.5 except that the threshold percentage of adjusted gross income in paragraph (a) is ten percent  
15.6 regardless of the federal percentage for the taxable year.

15.7 Subd. 7. **Unreimbursed employee expenses.** A taxpayer is allowed a deduction for  
15.8 unreimbursed employee expenses. The deduction equals the amount of the taxpayer's trade  
15.9 or business expenses incurred as an employee and allowed under section 162 of the Internal  
15.10 Revenue Code in excess of two percent of the taxpayer's adjusted gross income, disregarding  
15.11 the suspension of the deduction in section 67, paragraph (g), of the Internal Revenue Code.

15.12 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. The deduction equals the  
15.13 amount allowed under sections 165(d) and 165(h) of the Internal Revenue Code, disregarding  
15.14 the limitation on personal casualty losses in paragraph (h)(5).

15.15 Subd. 9. **Miscellaneous deduction.** A taxpayer is allowed a miscellaneous deduction.  
15.16 The deduction equals the sum of the following amounts for the taxable year:

15.17 (1) impairment-related work expenses allowed under section 67(d) of the Internal Revenue  
15.18 Code;

15.19 (2) the deduction for estate tax under section 691(c) of the Internal Revenue Code;

15.20 (3) any deduction allowable in connection with personal property used in a short sale  
15.21 as described under section 67(b)(8);

15.22 (4) the deduction under section 1341 of the Internal Revenue Code;

15.23 (5) the deduction under section 72(b)(3) of the Internal Revenue Code;

15.24 (6) the deduction under section 171 of the Internal Revenue Code; and

15.25 (7) the deduction under section 216 of the Internal Revenue Code.

15.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
15.27 31, 2018.

15.28 Sec. 18. **[290.0123] STANDARD DEDUCTION.**

15.29 Subdivision 1. **Standard deduction amount.** A taxpayer's standard deduction equals:

15.30 (1) for a married joint filer or a surviving spouse, \$24,400;

16.1 (2) for a head of household filer, \$18,350; or

16.2 (3) for any other filer, \$12,200; plus

16.3 (4) the additional amount for the taxpayer under subdivision 2.

16.4 A taxpayer's standard deduction amount is reduced in accordance with subdivision 5.

16.5 Subd. 2. **Additional amount for seniors or blind taxpayers.** (a) The additional amount  
16.6 equals the sum of the following amounts:

16.7 (1) \$1,300 if the taxpayer has attained age 65 before the close of the taxable year or  
16.8 \$1,650 for such a taxpayer who is not married or a surviving spouse;

16.9 (2) \$1,300 for the spouse of the taxpayer if the spouse has attained the age of 65 before  
16.10 the close of the taxable year and qualifies for an exemption under section 151(b) of the  
16.11 Internal Revenue Code;

16.12 (3) \$1,300 if the taxpayer is blind at the close of the taxable year or \$1,650 for such a  
16.13 taxpayer who is not married or a surviving spouse; and

16.14 (4) \$1,300 for the spouse of the taxpayer if the spouse is blind as of the close of the  
16.15 taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue  
16.16 Code.

16.17 (b) The commissioner must disregard section 151(d)(5) of the Internal Revenue Code  
16.18 when determining if the taxpayer's spouse is eligible for an exemption under paragraph (a).

16.19 Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in  
16.20 section 152 of the Internal Revenue Code, of another taxpayer for a taxable year beginning  
16.21 in the calendar year in which the individual's taxable year begins, the standard deduction  
16.22 for that individual is limited to the greater of:

16.23 (1) \$500; or

16.24 (2) the sum of \$250 and that individual's earned income, as defined in section 32(c) of  
16.25 the Internal Revenue Code.

16.26 Subd. 4. **Deduction disallowed.** The standard deduction is zero for (1) a married  
16.27 individual filing a separate return if either spouse itemizes deductions, and (2) an individual  
16.28 making a return for a period of less than twelve months on account of changes in the annual  
16.29 accounting period.

16.30 Subd. 5. **Deduction limited.** (a) The standard deduction of a taxpayer with adjusted  
16.31 gross income in excess of the applicable amount is reduced by the lesser of:



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

17.3 (2) 80 percent of the standard deduction otherwise allowable under this section.

17.4 (b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a  
17.5 separate return.

17.6 Subd. 6. **Inflation adjustment.** For taxable years beginning after December 31, 2019,  
17.7 the commissioner must adjust for inflation the standard deduction amounts in subdivision  
17.8 1, the additional amounts in subdivision 2, and the applicable amounts in subdivision 5 as  
17.9 provided in section 270C.22. The statutory year is taxable year 2019. The amounts as  
17.10 adjusted must be rounded down to the nearest \$50 amount. The standard deduction amount  
17.11 for married individuals filing separate returns is one-half of the adjusted amount for married  
17.12 individuals filing joint returns.

17.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.14 31, 2018.

17.15 Sec. 19. Minnesota Statutes 2018, section 290.0131, subdivision 1, is amended to read:

17.16 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "addition" means  
17.17 an amount that must be added to federal taxable income for a trust or an estate or federal  
17.18 adjusted gross income for an individual in computing net income for the taxable year to  
17.19 which the amounts relate.

17.20 (b) The additions in this section apply to individuals, estates, and trusts.

17.21 (c) Unless specifically indicated or unless the context clearly indicates otherwise, only  
17.22 amounts that were deducted or excluded in computing federal taxable income for a trust or  
17.23 an estate or federal adjusted gross income for individuals are an addition under this section.

17.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.25 31, 2018.

17.26 Sec. 20. Minnesota Statutes 2018, section 290.0131, subdivision 3, is amended to read:

17.27 Subd. 3. **Income, sales and use, motor vehicle sales, or excise taxes paid.** ~~(a)~~ For trusts  
17.28 and estates, the amount of income, sales and use, motor vehicle sales, or excise taxes paid  
17.29 or accrued within the taxable year under this chapter and the amount of taxes based on net  
17.30 income, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any

18.1 province or territory of Canada is an addition to the extent deducted under section 63(d) of  
18.2 the Internal Revenue Code.

18.3 ~~(b) The addition under paragraph (a) may not be more than the amount by which the~~  
18.4 ~~state itemized deduction exceeds the amount of the standard deduction as defined in section~~  
18.5 ~~63(e) of the Internal Revenue Code. For the purpose of this subdivision, income, sales and~~  
18.6 ~~use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under~~  
18.7 ~~subdivision 12.~~

18.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
18.9 31, 2018.

18.10 Sec. 21. Minnesota Statutes 2018, section 290.0131, subdivision 10, is amended to read:

18.11 Subd. 10. **Section 179 expensing.** For property placed in service in taxable years  
18.12 beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed  
18.13 under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction  
18.14 allowable by section 179 of the Internal Revenue Code, as amended through December 31,  
18.15 2003, is an addition.

18.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
18.17 after December 31, 2017.

18.18 Sec. 22. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
18.19 to read:

18.20 Subd. 15. **529 plan addition.** The lesser of the following amounts is an addition:

18.21 (1) the total distributions for the taxable year from a qualified plan under section 529 of  
18.22 the Internal Revenue Code, owned by the taxpayer, that are expended for qualified higher  
18.23 education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for  
18.24 tuition for elementary or secondary public, private, or religious school); or

18.25 (2) the total amount required to be reported to the taxpayer by any trustee of a qualified  
18.26 tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue  
18.27 Service Form 1099Q for the taxable year.

18.28 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
18.29 after December 31, 2017.

19.1 Sec. 23. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
19.2 to read:

19.3 Subd. 16. **Section 199A addition.** For trusts and estates, the amount deducted under  
19.4 section 199A of the Internal Revenue Code in computing the trust or estate's federal taxable  
19.5 income is an addition.

19.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.7 31, 2018.

19.8 Sec. 24. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
19.9 to read:

19.10 Subd. 17. **Excess business losses.** (a) For taxable years beginning after December 31,  
19.11 2025, the amount of a disallowed excess business loss under section 461(l) of the Internal  
19.12 Revenue Code is an addition, notwithstanding the limit on the limitation in section 461(l)(1)  
19.13 of the Internal Revenue Code to taxable years beginning before January 1, 2026.

19.14 (b) A net operating loss carryover is allowed in an amount equal to the amount allowed  
19.15 under section 461(l)(2) of the Internal Revenue Code, but only to the extent that the amount  
19.16 of losses allowed under section 172 of the Internal Revenue Code plus the amount of the  
19.17 carryover allowed under this subdivision does not exceed the limitation on the net operating  
19.18 loss deduction under section 172(a) of the Internal Revenue Code for any taxable year.

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

19.20 Sec. 25. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
19.21 to read:

19.22 Subd. 18. **Moving expenses.** (a) For taxable years beginning after December 31, 2025,  
19.23 the amount of moving expenses deducted from adjusted gross income under section 217 of  
19.24 the Internal Revenue Code is an addition.

19.25 (b) For taxable years beginning after December 31, 2025, the amount of moving expenses  
19.26 excluded from gross income under section 132(a)(6) of the Internal Revenue Code is an  
19.27 addition, except in the case of a member of the Armed Forces of the United States on active  
19.28 duty who moves pursuant to a military order and incident to a permanent change of station.

19.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.30 31, 2025.

20.1 Sec. 26. Minnesota Statutes 2018, section 290.0132, subdivision 1, is amended to read:

20.2 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "subtraction"  
20.3 means an amount that shall be subtracted from federal taxable income for a trust or an estate  
20.4 or federal adjusted gross income for an individual in computing net income for the taxable  
20.5 year to which the amounts relate.

20.6 (b) The subtractions in this section apply to individuals, estates, and trusts.

20.7 (c) Unless specifically indicated or unless the context clearly indicates otherwise, no  
20.8 amount deducted, subtracted, or otherwise excluded in computing federal taxable income  
20.9 for a trust or an estate or federal adjusted gross income for an individual is a subtraction  
20.10 under this section.

20.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.12 31, 2018.

20.13 Sec. 27. Minnesota Statutes 2018, section 290.0132, subdivision 7, is amended to read:

20.14 Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent~~  
20.15 ~~not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in~~  
20.16 ~~determining federal taxable income by~~ For an individual who does not itemize deductions  
20.17 ~~for federal income tax purposes~~ under section 290.0132, subdivision 19, for the taxable  
20.18 year, an amount equal to 50 percent of the excess of charitable contributions over \$500  
20.19 allowable as a deduction for the taxable year under section ~~170(a) of the Internal Revenue~~  
20.20 ~~Code~~ 290.0122, subdivision 4, is a subtraction. The subtraction under this subdivision must  
20.21 not include a distribution that is excluded from federal adjusted gross income and that is  
20.22 not deductible under section 408(d)(8)(E) of the Internal Revenue Code.

20.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.24 31, 2018.

20.25 Sec. 28. Minnesota Statutes 2018, section 290.0132, subdivision 18, is amended to read:

20.26 Subd. 18. **Net operating losses.** (a) The amount of the net operating loss allowed under  
20.27 section 290.095, subdivision 11, paragraph (c), is a subtraction.

20.28 (b) The amount of the net operating loss carryover allowed under section 290.0131,  
20.29 subdivision 17, is a subtraction.

20.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.31 31, 2025.

21.1 Sec. 29. Minnesota Statutes 2018, section 290.0132, subdivision 19, is amended to read:

21.2 Subd. 19. **Disallowed Standard or itemized deductions.** (a) The amount of the limitation  
21.3 on itemized deductions calculated under section 68(b) of the Internal Revenue Code  
21.4 290.0122, subdivision 1, is a subtraction.

21.5 (b) An individual may elect to claim a standard deduction equal to the amount under  
21.6 section 290.0123 in lieu of the subtraction for itemized deductions in paragraph (a).

21.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
21.8 31, 2018.

21.9 Sec. 30. Minnesota Statutes 2018, section 290.0132, subdivision 20, is amended to read:

21.10 Subd. 20. **Disallowed Personal Dependent exemption.** The amount of the phaseout of  
21.11 personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction.  
21.12 The dependent exemption amount under section 290.0121 is a subtraction.

21.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
21.14 31, 2018.

21.15 Sec. 31. Minnesota Statutes 2018, section 290.0132, subdivision 21, is amended to read:

21.16 Subd. 21. **Military service pension; retirement pay.** To the extent included in federal  
21.17 taxable adjusted gross income, compensation received from a pension or other retirement  
21.18 pay from the federal government for service in the military, as computed under United  
21.19 States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The  
21.20 subtraction is limited to individuals who do not claim the credit under section 290.0677.

21.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
21.22 31, 2018.

21.23 Sec. 32. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
21.24 to read:

21.25 Subd. 27. **Deferred foreign income of nonresidents.** For a nonresident individual the  
21.26 amount of deferred foreign income as defined in section 290.01, subdivision 19, is a  
21.27 subtraction.

21.28 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
21.29 changes in Public Law 115-97 relating to deferred foreign income were effective for federal  
21.30 purposes.

22.1 Sec. 33. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
22.2 to read:

22.3 Subd. 28. **Global intangible low-taxed income.** The amount of global intangible  
22.4 low-taxed income included in gross income under section 951A of the Internal Revenue  
22.5 Code is a subtraction.

22.6 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
22.7 after December 31, 2017.

22.8 Sec. 34. Minnesota Statutes 2018, section 290.0133, subdivision 6, is amended to read:

22.9 Subd. 6. **Special deductions.** (a) The amount of any special deductions under sections  
22.10 241 to 247, 250, and 965, except paragraph (h) of section 965, of the Internal Revenue Code  
22.11 is an addition.

22.12 (b) The addition under this subdivision is reduced by the amount of the deduction under  
22.13 section 245A of the Internal Revenue Code for an amount included in federal taxable income  
22.14 in a prior taxable year under section 965 of the Internal Revenue Code.

22.15 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
22.16 changes in Public Law 115-97, relating to deferred foreign income and global intangible  
22.17 low-taxed income, were effective for federal purposes.

22.18 Sec. 35. Minnesota Statutes 2018, section 290.0133, subdivision 12, is amended to read:

22.19 Subd. 12. **Section 179 expensing.** For property placed in service in taxable years  
22.20 beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed  
22.21 under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction  
22.22 allowable by section 179 of the Internal Revenue Code, as amended through December 31,  
22.23 2003, is an addition.

22.24 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
22.25 after December 31, 2017.

22.26 Sec. 36. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
22.27 to read:

22.28 Subd. 27. **Global intangible low-taxed income.** The amount of global intangible  
22.29 low-taxed income included in gross income under section 951A of the Internal Revenue  
22.30 Code is a subtraction.

23.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
23.2 after December 31, 2017.

23.3 Sec. 37. Minnesota Statutes 2018, section 290.032, subdivision 2, is amended to read:

23.4 Subd. 2. **Computation.** The amount of tax imposed by subdivision 1 shall be computed  
23.5 in the same way as the tax imposed under section 402(d) of the Internal Revenue Code of  
23.6 1986, as amended through December 31, 1995, except that the initial separate tax shall be  
23.7 an amount equal to five times the tax which would be imposed by section 290.06, subdivision  
23.8 2c, if the recipient was an unmarried individual, and the taxable net income was an amount  
23.9 equal to one-fifth of the excess of

23.10 (i) the total taxable amount of the lump-sum distribution for the year, over

23.11 (ii) the minimum distribution allowance, and except that references in section 402(d) of  
23.12 the Internal Revenue Code of 1986, as amended through December 31, 1995, to paragraph  
23.13 (1)(A) thereof shall instead be references to subdivision 1, and the excess, if any, of the  
23.14 subtraction base amount over ~~federal~~ taxable net income for a qualified individual as provided  
23.15 under section 290.0802, subdivision 2.

23.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
23.17 31, 2018.

23.18 Sec. 38. Minnesota Statutes 2018, section 290.05, subdivision 3, is amended to read:

23.19 Subd. 3. **Taxes imposed on exempt entities.** (a) An organization exempt from taxation  
23.20 under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent  
23.21 provided in the following provisions of the Internal Revenue Code:

23.22 (1) section 527 (dealing with political organizations);

23.23 (2) section 528 (dealing with certain homeowners associations);

23.24 (3) sections 511 to 515 (dealing with unrelated business income);

23.25 (4) section 521 (dealing with farmers' cooperatives); and

23.26 (5) section 6033(e)(2) (dealing with lobbying expense); but notwithstanding this  
23.27 subdivision, shall be considered an organization exempt from income tax for the purposes  
23.28 of any law which refers to organizations exempt from income taxes.

23.29 (b) The tax shall be imposed on the taxable income of political organizations or  
23.30 homeowner associations or the unrelated business taxable income, as defined in section 512

24.1 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue  
 24.2 Code, provided that the tax is not imposed on:

24.3 (1) advertising revenues from a newspaper published by an organization described in  
 24.4 section 501(c)(4) of the Internal Revenue Code; ~~or~~

24.5 (2) revenues from lawful gambling authorized under chapter 349 that are expended for  
 24.6 purposes that qualify for the deduction for charitable contributions under section 170 of the  
 24.7 Internal Revenue Code, disregarding the limitation under section 170(b)(2), but only to the  
 24.8 extent the contributions are not deductible in computing federal taxable income; or

24.9 (3) amounts included in unrelated business taxable income under section 512(a)(7) of  
 24.10 the Internal Revenue Code.

24.11 The tax shall be at the corporate rates. The tax shall only be imposed on income and  
 24.12 deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted  
 24.13 in computing federal taxable income, the deductions contained in section 290.21 shall not  
 24.14 be allowed in computing Minnesota taxable net income.

24.15 (c) The tax shall be imposed on organizations subject to federal tax under section  
 24.16 6033(e)(2) of the Internal Revenue Code, in an amount equal to the corporate tax rate  
 24.17 multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are  
 24.18 attributable to lobbying the Minnesota state government.

24.19 (d) In calculating unrelated business taxable income under section 512 of the Internal  
 24.20 Revenue Code, the amount of any net operating loss deduction claimed under section 172  
 24.21 of the Internal Revenue Code is an addition. Taxpayers making an addition under this  
 24.22 paragraph may deduct a net operating loss for the taxable year in the same manner as a  
 24.23 corporation under section 290.095, in a form and manner prescribed by the commissioner,  
 24.24 and may calculate the loss without the application of the limitation provided for under  
 24.25 section 512(a)(6) of the Internal Revenue Code.

24.26 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 24.27 after December 31, 2017.

24.28 Sec. 39. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

24.29 Subd. 2d. **Inflation adjustment of brackets.** ~~(a) For taxable years beginning after~~  
 24.30 ~~December 31, 2013,~~ The commissioner shall annually adjust the minimum and maximum  
 24.31 dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c ~~shall be~~  
 24.32 ~~adjusted for inflation by the percentage determined under paragraph (b).~~ For the purpose  
 24.33 ~~of making the adjustment as provided in this subdivision all of the rate brackets provided~~



25.1 ~~in subdivision 2e shall be the rate brackets as they existed for taxable years beginning after~~  
25.2 ~~December 31, 2012, and before January 1, 2014 as provided in section 270C.22. The statutory~~  
25.3 ~~year is taxable year 2019.~~ The rate applicable to any rate bracket must not be changed. The  
25.4 dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets.  
25.5 The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket  
25.6 ends in \$5, it must be rounded up to the nearest \$10 amount.

25.7 (b) ~~The commissioner shall adjust the rate brackets and by the percentage determined~~  
25.8 ~~pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section~~  
25.9 ~~1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the~~  
25.10 ~~commissioner shall then determine the percent change from the 12 months ending on August~~  
25.11 ~~31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from~~  
25.12 ~~the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the~~  
25.13 ~~year preceding the taxable year. The determination of the commissioner pursuant to this~~  
25.14 ~~subdivision shall not be considered a "rule" and shall not be subject to the Administrative~~  
25.15 ~~Procedure Act contained in chapter 14.~~

25.16 ~~No later than December 15 of each year, the commissioner shall announce the specific~~  
25.17 ~~percentage that will be used to adjust the tax rate brackets.~~

25.18 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
25.19 years beginning after December 31, 2019.

25.20 Sec. 40. Minnesota Statutes 2018, section 290.06, subdivision 2h, is amended to read:

25.21 Subd. 2h. **Section 529 plan recapture.** (a) For the purposes of this subdivision:

25.22 (1) the definitions under section 290.0684 apply;

25.23 (2) "account owner" means an individual who owns one or more qualified accounts;

25.24 (3) "credit ratio" means the ratio of (i) two times the total amount of credits that an  
25.25 account owner claimed under section 290.0684 for contributions to the account owner's  
25.26 qualified accounts to (ii) the total contributions in all taxable years to the account owner's  
25.27 qualified accounts; ~~and~~

25.28 (4) "qualified higher education expenses" has the meaning given in section 529(e)(3) of  
25.29 the Internal Revenue Code, except section 529(c)(7) does not apply; and

25.30 (5) "subtraction ratio" means the ratio of (i) the total amount of subtractions that an  
25.31 account owner claimed under section 290.0132, subdivision 23, for contributions to the

26.1 account owner's qualified accounts to (ii) the total contributions in all taxable years to the  
26.2 account owner's qualified accounts.

26.3 (b) If a distribution from a qualified account is used for a purpose other than to pay for  
26.4 qualified higher education expenses, the account owner must pay an additional tax equal  
26.5 to:

26.6 (1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

26.7 (2) ten percent of the product of the subtraction ratio and the amount of the distribution.

26.8 (c) The additional tax under this subdivision does not apply to any portion of a distribution  
26.9 that is subject to the additional tax under section 529(c)(6) of the Internal Revenue Code.

26.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
26.11 after December 31, 2017.

26.12 Sec. 41. Minnesota Statutes 2018, section 290.067, subdivision 2b, is amended to read:

26.13 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar  
26.14 amount of the income threshold at which the maximum credit begins to be reduced under  
26.15 subdivision 1 ~~by the percentage determined pursuant to the provisions of section 1(f) of the~~  
26.16 ~~Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" shall be substituted~~  
26.17 ~~for the word "1992."~~ For 2018, the commissioner shall then determine the percent change  
26.18 ~~from the 12 months ending on August 31, 2016, to the 12 months ending on August 31,~~  
26.19 ~~2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the~~  
26.20 ~~12 months ending on August 31 of the year preceding the taxable year. The determination~~  
26.21 ~~of the commissioner pursuant to this subdivision must not be considered a "rule" and is not~~  
26.22 ~~subject to the Administrative Procedure Act contained in chapter 14. The threshold amount~~  
26.23 ~~as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount~~  
26.24 ~~is rounded up to the nearest \$10 amount as provided in section 270C.22. The statutory year~~  
26.25 is taxable year 2019.

26.26 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
26.27 years beginning after December 31, 2019.

26.28 Sec. 42. Minnesota Statutes 2018, section 290.0671, subdivision 7, is amended to read:

26.29 Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned  
26.30 income amounts used to calculate the credit and the income phase-out thresholds at which  
26.31 ~~the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation.~~  
26.32 ~~The commissioner shall adjust by the percentage determined pursuant to the provisions of~~

27.1 ~~section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013"~~  
27.2 ~~shall be substituted for the word "1992." For 2015, the commissioner shall then determine~~  
27.3 ~~the percent change from the 12 months ending on August 31, 2013, to the 12 months ending~~  
27.4 ~~on August 31, 2014, and in each subsequent year, from the 12 months ending on August~~  
27.5 ~~31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year. The~~  
27.6 ~~earned income thresholds as adjusted for inflation must be rounded to the nearest \$10~~  
27.7 ~~amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The~~  
27.8 ~~determination of the commissioner under this subdivision is not a rule under the~~  
27.9 ~~Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable~~  
27.10 ~~year 2019.~~

27.11 **EFFECTIVE DATE.** This section is effective for adjustments for taxable years  
27.12 beginning after December 31, 2019.

27.13 Sec. 43. Minnesota Statutes 2018, section 290.0672, subdivision 1, is amended to read:

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

27.16 (b) "Long-term care insurance" means a policy that:

27.17 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding  
27.18 the adjusted gross income test; or meets the requirements given in section 62A.46; or provides  
27.19 similar coverage issued under the laws of another jurisdiction; and

27.20 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

27.21 (3) has been offered in compliance with the inflation protection requirements of section  
27.22 62S.23.

27.23 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

27.24 (d) "Premiums deducted in determining federal taxable net income" means the lesser of  
27.25 (1) long-term care insurance premiums that qualify as deductions under section 213 of the  
27.26 Internal Revenue Code; and (2) the total amount deductible for medical care under ~~section~~  
27.27 ~~213 of the Internal Revenue Code~~ section 290.0122, subdivision 6, if the taxpayer itemizes  
27.28 deductions for the tax year.

27.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
27.30 31, 2018.

28.1 Sec. 44. Minnesota Statutes 2018, section 290.0672, subdivision 2, is amended to read:

28.2 Subd. 2. **Credit.** A taxpayer is allowed a credit against the tax imposed by this chapter  
28.3 for long-term care insurance policy premiums paid during the tax year. The credit for each  
28.4 policy equals 25 percent of premiums paid to the extent not deducted in determining ~~federal~~  
28.5 ~~taxable~~ net income. A taxpayer may claim a credit for only one policy for each qualified  
28.6 beneficiary. A maximum of \$100 applies to each qualified beneficiary. The maximum total  
28.7 credit allowed per year is \$200 for married couples filing joint returns and \$100 for all other  
28.8 filers. For a nonresident or part-year resident, the credit determined under this section must  
28.9 be allocated based on the percentage calculated under section 290.06, subdivision 2c,  
28.10 paragraph (e).

28.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.12 31, 2018.

28.13 Sec. 45. Minnesota Statutes 2018, section 290.0675, subdivision 1, is amended to read:

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

28.16 (b) "Earned income" means the sum of the following, to the extent included in Minnesota  
28.17 taxable income:

28.18 (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;

28.19 (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity  
28.20 plan; and

28.21 (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

28.22 (c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

28.23 (d) "Earned income of lesser-earning spouse" means the earned income of the spouse  
28.24 with the lesser amount of earned income as defined in paragraph (b) for the taxable year  
28.25 minus the sum of (i) the amount for one exemption under section ~~451(d) of the Internal~~  
28.26 ~~Revenue Code~~ 290.0121, subdivision 1, paragraph (b), and (ii) one-half the amount of the  
28.27 standard deduction under section ~~63(e)(2)(A) and (4) of the Internal Revenue Code~~ 290.0123.

28.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
28.29 31, 2018.

29.1 Sec. 46. Minnesota Statutes 2018, section 290.0684, subdivision 1, is amended to read:

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

29.4 (b) "Contribution" means the amount contributed to one or more qualified accounts  
29.5 except that the amount:

29.6 (1) is reduced by any withdrawals or distributions, other than transfers or rollovers to  
29.7 another qualified account, from a qualified account during the taxable year; and

29.8 (2) excludes the amount of any transfers or rollovers from a qualified account made  
29.9 during the taxable year.

29.10 (c) "Federal adjusted gross income" has the meaning given under section 62(a) of the  
29.11 Internal Revenue Code.

29.12 (d) "Qualified account" means an account qualifying under section 529 of the Internal  
29.13 Revenue Code.

29.14 ~~(e) "Qualified higher education expenses" has the meaning given in section 529 of the~~  
29.15 ~~Internal Revenue Code.~~

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

29.17 Sec. 47. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

29.18 Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a  
29.19 credit against the tax imposed by this chapter. The credit is not allowed to an individual  
29.20 who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the  
29.21 Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

29.22 (b) The amount of the credit allowed equals 50 percent of contributions for the taxable  
29.23 year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no  
29.24 case is the credit less than zero.

29.25 (c) For individual filers, the maximum credit is reduced by two percent of adjusted gross  
29.26 income in excess of \$75,000.

29.27 (d) For married couples filing a joint return, the maximum credit is phased out as follows:

29.28 (1) for married couples with adjusted gross income in excess of \$75,000, but not more  
29.29 than \$100,000, the maximum credit is reduced by one percent of adjusted gross income in  
29.30 excess of \$75,000;

30.1 (2) for married couples with adjusted gross income in excess of \$100,000, but not more  
30.2 than \$135,000, the maximum credit is \$250; and

30.3 (3) for married couples with adjusted gross income in excess of \$135,000, the maximum  
30.4 credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

30.5 (e) The commissioner shall annually adjust the income thresholds in paragraphs (c) and  
30.6 (d) used to calculate the maximum credit must be adjusted for inflation. The commissioner  
30.7 shall adjust the income thresholds by the percentage determined under the provisions of  
30.8 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016"  
30.9 is substituted for the word "1992." For 2018, the commissioner shall then determine the  
30.10 percent change from the 12 months ending on August 31, 2016, to the 12 months ending  
30.11 on August 31, 2017, and in each subsequent year, from the 12 months ending on August  
30.12 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The  
30.13 income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If  
30.14 the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The  
30.15 determination of the commissioner under this subdivision is not subject to chapter 14,  
30.16 including section 14.386 as provided in section 270C.22. The statutory year is taxable year  
30.17 2019.

30.18 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
30.19 years beginning after December 31, 2019.

30.20 Sec. 48. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

30.21 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal  
30.22 ~~taxable~~ adjusted gross income of the individual's subtraction base amount. The excess of  
30.23 the subtraction base amount over the taxable net income computed without regard to the  
30.24 subtraction for the elderly or disabled under section 290.0132, subdivision 5, may be used  
30.25 to reduce the amount of a lump sum distribution subject to tax under section 290.032.

30.26 (b)(1) The initial subtraction base amount equals

30.27 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

30.28 (ii) \$9,600 for a single taxpayer, and

30.29 (iii) \$6,000 for a married taxpayer filing a separate federal return.

30.30 (2) The qualified individual's initial subtraction base amount, then, must be reduced by  
30.31 the sum of nontaxable retirement and disability benefits and one-half of the amount of  
30.32 adjusted gross income in excess of the following thresholds:

31.1 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified  
31.2 individuals,

31.3 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one  
31.4 spouse is a qualified individual, and

31.5 (iii) \$9,000 for a married taxpayer filing a separate federal return.

31.6 (3) In the case of a qualified individual who is under the age of 65, the maximum amount  
31.7 of the subtraction base may not exceed the taxpayer's disability income.

31.8 (4) The resulting amount is the subtraction base amount.

31.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
31.10 31, 2018.

31.11 Sec. 49. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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

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

31.16 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
31.17 55(b)(2) of the Internal Revenue Code;

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

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

31.21 (ii) the medical expense deduction;

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

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

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

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

32.4 (5) to the extent not included in federal alternative minimum taxable income, the amount  
32.5 of interest income as provided by section 290.0131, subdivision 2; ~~and~~

32.6 (6) the amount of addition required by section 290.0131, subdivisions 9 ~~to 11~~; and 10;  
32.7 and

32.8 (7) the deduction allowed under section 199A of the Internal Revenue Code;

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

32.10 (i) interest income as defined in section 290.0132, subdivision 2;

32.11 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
32.12 3, to the extent included in federal alternative minimum taxable income;

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

32.17 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,  
32.18 subdivisions 7, 9 to 15, 17, 21, 24, ~~and 26 to 29~~; and

32.19 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
32.20 paragraph (c); and

32.21 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,  
32.22 subdivision 7.

32.23 In the case of an estate or trust, alternative minimum taxable income must be computed  
32.24 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum  
32.25 taxable income must be increased by the addition in section 290.0131, subdivision 16.

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

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

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



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

33.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
33.4 31, 2018.

33.5 Sec. 50. Minnesota Statutes 2018, section 290.091, subdivision 3, is amended to read:

33.6 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative minimum  
33.7 tax, the exemption amount is, ~~for taxable years beginning after December 31, 2005,~~ \$60,000  
33.8 for married couples filing joint returns, \$30,000 for married individuals filing separate  
33.9 returns, estates, and trusts, and \$45,000 for unmarried individuals.

33.10 (b) The exemption amount determined under this subdivision is subject to the phase out  
33.11 under section ~~55(d)(3)~~ 55(d)(2) of the Internal Revenue Code, except that alternative  
33.12 minimum taxable income as determined under this section must be substituted in the  
33.13 computation of the phase out, and section 55(d)(4) of the Internal Revenue Code does not  
33.14 apply.

33.15 (c) ~~For taxable years beginning after December 31, 2006,~~ The commissioner shall  
33.16 annually adjust the exemption amount under amounts in paragraph (a) must be adjusted for  
33.17 inflation. The commissioner shall adjust the exemption amount by the percentage determined  
33.18 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
33.19 1(f)(3)(B) the word "2005" shall be substituted for the word "1992." For 2007, the  
33.20 commissioner shall then determine the percent change from the 12 months ending on August  
33.21 31, 2005, to the 12 months ending on August 31, 2006, and in each subsequent year, from  
33.22 the 12 months ending on August 31, 2005, to the 12 months ending on August 31 of the  
33.23 year preceding the taxable year. The exemption amount as adjusted must be rounded to the  
33.24 nearest \$10. If the amount ends in \$5, it must be rounded up to the nearest \$10 amount. ~~The~~  
33.25 ~~determination of the commissioner under this subdivision is not a rule under the~~  
33.26 ~~Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable~~  
33.27 year 2019.

33.28 **EFFECTIVE DATE.** (a) The amendment to paragraph (b) is effective the day following  
33.29 final enactment.

33.30 (b) The amendment to paragraph (c) is effective for taxable years beginning after  
33.31 December 31, 2019.

34.1 Sec. 51. Minnesota Statutes 2018, section 290.0921, subdivision 2, is amended to read:

34.2 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the  
34.3 meanings given them.

34.4 (b) "Alternative minimum taxable net income" is alternative minimum taxable income,

34.5 (1) less the exemption amount, and

34.6 (2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

34.7 (c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of  
34.8 the excess of alternative minimum taxable income over \$150,000.

34.9 (d) "Minnesota alternative minimum taxable income" is alternative minimum taxable  
34.10 net income, less the deductions for alternative tax net operating loss under subdivision 4;  
34.11 and dividends received under subdivision 6. The sum of the deductions under this paragraph  
34.12 may not exceed 90 percent of alternative minimum taxable net income. This limitation does  
34.13 not apply to:

34.14 (1) a deduction for dividends paid to or received from a corporation which is subject to  
34.15 tax under section 290.36 and which is a member of an affiliated group of corporations as  
34.16 defined by the Internal Revenue Code; or

34.17 (2) a deduction for dividends received from a property and casualty insurer as defined  
34.18 under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations  
34.19 as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in  
34.20 consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31,  
34.21 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal  
34.22 Revenue Code.

34.23 (e) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended  
34.24 through December 16, 2016.

34.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
34.26 31, 2018.

34.27 Sec. 52. Minnesota Statutes 2018, section 290.0922, subdivision 1, is amended to read:

34.28 Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without  
34.29 regard to this section, the franchise tax imposed on a corporation required to file under  
34.30 section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation under  
34.31 section 290.9725 for the taxable year includes a tax equal to the following amounts:

35.1	If the sum of the corporation's Minnesota		
35.2	property, payrolls, and sales or receipts is:		the tax equals:
35.3	less than	\$ 930,000	\$ 0
35.4	\$ 930,000 to	\$ 1,869,999	\$ 190
35.5	\$ 1,870,000 to	\$ 9,339,999	\$ 560
35.6	\$ 9,340,000 to	\$ 18,679,999	\$ 1,870
35.7	\$ 18,680,000 to	\$ 37,359,999	\$ 3,740
35.8	\$ 37,360,000 or more		\$ 9,340

35.9 (b) A tax is imposed for each taxable year on a corporation required to file a return under  
 35.10 section 289A.12, subdivision 3, that is treated as an "S" corporation under section 290.9725  
 35.11 and on a partnership required to file a return under section 289A.12, subdivision 3, other  
 35.12 than a partnership that derives over 80 percent of its income from farming. The tax imposed  
 35.13 under this paragraph is due on or before the due date of the return for the taxpayer due under  
 35.14 section 289A.18, subdivision 1. The commissioner shall prescribe the return to be used for  
 35.15 payment of this tax. The tax under this paragraph is equal to the following amounts:

35.16	If the sum of the S corporation's		
35.17	or partnership's Minnesota		
35.18	property, payrolls, and sales or		
35.19	receipts is:		the tax equals:
35.20	less than	\$ 930,000	\$ 0
35.21	\$ 930,000 to	\$ 1,869,999	\$ 190
35.22	\$ 1,870,000 to	\$ 9,339,999	\$ 560
35.23	\$ 9,340,000 to	\$ 18,679,999	\$ 1,870
35.24	\$ 18,680,000 to	\$ 37,359,999	\$ 3,740
35.25	\$ 37,360,000 or more		\$ 9,340

35.26 (c) The commissioner shall annually adjust the dollar amounts of both the tax and the  
 35.27 property, payrolls, and sales or receipts thresholds in paragraphs (a) and (b) ~~by the percentage~~  
 35.28 ~~determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except~~  
 35.29 ~~that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992." For~~  
 35.30 ~~2014, the commissioner shall determine the percentage change from the 12 months ending~~  
 35.31 ~~on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent~~  
 35.32 ~~year, from the 12 months ending on August 31, 2012, to the 12 months ending on August~~  
 35.33 ~~31 of the year preceding the taxable year. The determination of the commissioner pursuant~~  
 35.34 ~~to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in~~  
 35.35 ~~chapter 14~~ as provided in section 270C.22. The statutory year is taxable year 2019. The tax  
 35.36 amounts as adjusted must be rounded to the nearest \$10 amount and the threshold amounts  
 35.37 must be adjusted to the nearest \$10,000 amount. For tax amounts that end in \$5, the amount

36.1 is rounded up to the nearest \$10 amount and for the threshold amounts that end in \$5,000,  
36.2 the amount is rounded up to the nearest \$10,000.

36.3 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
36.4 years beginning after December 31, 2019.

36.5 Sec. 53. Minnesota Statutes 2018, section 290.095, subdivision 2, is amended to read:

36.6 Subd. 2. **Defined and limited.** (a) The term "net operating loss" as used in this section  
36.7 shall mean a net operating loss as defined in section 172(c) of the Internal Revenue Code,  
36.8 with the modifications specified in subdivision 4. The deductions provided in section 290.21  
36.9 cannot be used in the determination of a net operating loss.

36.10 (b) The term "net operating loss deduction" as used in this section means the aggregate  
36.11 of the net operating loss carryovers to the taxable year, computed in accordance with  
36.12 subdivision 3. The provisions of section 172(b) of the Internal Revenue Code relating to  
36.13 the carryback of net operating losses, do not apply.

36.14 (c) The amount of net operating loss deduction under this section must not exceed 80  
36.15 percent of taxable net income in a single taxable year.

36.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
36.17 after December 31, 2017.

36.18 Sec. 54. Minnesota Statutes 2018, section 290.17, subdivision 2, is amended to read:

36.19 Subd. 2. **Income not derived from conduct of a trade or business.** The income of a  
36.20 taxpayer subject to the allocation rules that is not derived from the conduct of a trade or  
36.21 business must be assigned in accordance with paragraphs (a) to (f):

36.22 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section  
36.23 3401(a) ~~and~~ (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the  
36.24 extent that, the work of the employee is performed within it; all other income from such  
36.25 sources is treated as income from sources without this state.

36.26 Severance pay shall be considered income from labor or personal or professional services.

36.27 (2) In the case of an individual who is a nonresident of Minnesota and who is an athlete  
36.28 or entertainer, income from compensation for labor or personal services performed within  
36.29 this state shall be determined in the following manner:

36.30 (i) the amount of income to be assigned to Minnesota for an individual who is a  
36.31 nonresident salaried athletic team employee shall be determined by using a fraction in which

37.1 the denominator contains the total number of days in which the individual is under a duty  
37.2 to perform for the employer, and the numerator is the total number of those days spent in  
37.3 Minnesota. For purposes of this paragraph, off-season training activities, unless conducted  
37.4 at the team's facilities as part of a team imposed program, are not included in the total number  
37.5 of duty days. Bonuses earned as a result of play during the regular season or for participation  
37.6 in championship, play-off, or all-star games must be allocated under the formula. Signing  
37.7 bonuses are not subject to allocation under the formula if they are not conditional on playing  
37.8 any games for the team, are payable separately from any other compensation, and are  
37.9 nonrefundable; and

37.10 (ii) the amount of income to be assigned to Minnesota for an individual who is a  
37.11 nonresident, and who is an athlete or entertainer not listed in item (i), for that person's athletic  
37.12 or entertainment performance in Minnesota shall be determined by assigning to this state  
37.13 all income from performances or athletic contests in this state.

37.14 (3) For purposes of this section, amounts received by a nonresident as "retirement income"  
37.15 as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public  
37.16 Law 104-95, are not considered income derived from carrying on a trade or business or  
37.17 from wages or other compensation for work an employee performed in Minnesota, and are  
37.18 not taxable under this chapter.

37.19 (b) Income or gains from tangible property located in this state that is not employed in  
37.20 the business of the recipient of the income or gains must be assigned to this state.

37.21 (c) Income or gains from intangible personal property not employed in the business of  
37.22 the recipient of the income or gains must be assigned to this state if the recipient of the  
37.23 income or gains is a resident of this state or is a resident trust or estate.

37.24 Gain on the sale of a partnership interest is allocable to this state in the ratio of the  
37.25 original cost of partnership tangible property in this state to the original cost of partnership  
37.26 tangible property everywhere, determined at the time of the sale. If more than 50 percent  
37.27 of the value of the partnership's assets consists of intangibles, gain or loss from the sale of  
37.28 the partnership interest is allocated to this state in accordance with the sales factor of the  
37.29 partnership for its first full tax period immediately preceding the tax period of the partnership  
37.30 during which the partnership interest was sold.

37.31 Gain on the sale of an interest in a single member limited liability company that is  
37.32 disregarded for federal income tax purposes is allocable to this state as if the single member  
37.33 limited liability company did not exist and the assets of the limited liability company are  
37.34 personally owned by the sole member.

38.1 Gain on the sale of goodwill or income from a covenant not to compete that is connected  
38.2 with a business operating all or partially in Minnesota is allocated to this state to the extent  
38.3 that the income from the business in the year preceding the year of sale was allocable to  
38.4 Minnesota under subdivision 3.

38.5 When an employer pays an employee for a covenant not to compete, the income allocated  
38.6 to this state is in the ratio of the employee's service in Minnesota in the calendar year  
38.7 preceding leaving the employment of the employer over the total services performed by the  
38.8 employee for the employer in that year.

38.9 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned  
38.10 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision  
38.11 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

38.12 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the  
38.13 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

38.14 (f) For the purposes of this section, working as an employee shall not be considered to  
38.15 be conducting a trade or business.

38.16 **EFFECTIVE DATE.** This section is effective for wages paid after December 31, 2018.

38.17 Sec. 55. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to  
38.18 read:

38.19 **Subd. 4a. Controlled foreign corporations.** (a) For purposes of applying subdivision  
38.20 4, a controlled foreign corporation as defined in section 957 of the Internal Revenue Code  
38.21 is deemed to be a domestic corporation if:

38.22 (1) a United States shareholder of a controlled foreign corporation is required for the  
38.23 taxable year to include in gross income the shareholder's global intangible low-taxed income  
38.24 under section 951A of the Internal Revenue Code; and

38.25 (2) the commissioner determines that the controlled foreign corporation is a member of  
38.26 a unitary group.

38.27 The determination made by the commissioner under clause (2) is prima facie correct  
38.28 and valid and the taxpayer subject to this determination has the burden of establishing the  
38.29 determination's incorrectness or invalidity in any related action or proceeding.

38.30 (b) For purposes of imposing a tax under this chapter, the federal taxable income of a  
38.31 controlled foreign corporation deemed to be a domestic corporation under this subdivision  
38.32 must be computed as follows:

39.1 (1) a profit and loss statement must be prepared in the currency in which the books of  
39.2 account of the controlled foreign corporation are regularly maintained;

39.3 (2) except as determined by the commissioner, adjustments must be made to the profit  
39.4 and loss statement to conform the statement to the accounting principles generally accepted  
39.5 in the United States for the preparation of those statements;

39.6 (3) adjustments must be made to the profit and loss statement to conform it to the tax  
39.7 accounting standards required by the commissioner;

39.8 (4) unless otherwise authorized by the commissioner, the profit and loss statement of  
39.9 each member of the combined group, and the apportionment factors related to the combined  
39.10 group, whether domestic or foreign, must be converted into the currency in which the parent  
39.11 company maintains its books and records; and

39.12 (5) income apportioned to this state must be expressed in United States dollars.

39.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
39.14 31, 2018.

39.15 Sec. 56. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to  
39.16 read:

39.17 Subd. 4b. **Worldwide election.** (a) Taxpayer members of a unitary group, one or more  
39.18 members of which are subject to the requirements of subdivision 4a, paragraph (a), for the  
39.19 taxable year may elect to determine each of their apportioned shares of the net business  
39.20 income or loss of the combined group under a worldwide election. Under such an election,  
39.21 taxpayer members must take into account the entire income and apportionment factors of  
39.22 each member of the unitary group, regardless of the place where a member is incorporated  
39.23 or formed. Corporations or other entities incorporated or formed outside of the United States  
39.24 are subject to the requirements of subdivision 4a, paragraph (b), in reporting their income.

39.25 (b) A worldwide election is effective only if made on a timely filed, original return for  
39.26 the tax year by each member of the unitary group subject to tax under this chapter.

39.27 (c) A worldwide election is binding for and applies to the taxable year it is made and  
39.28 for the ten following taxable years.

39.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
39.30 31, 2018.

40.1 Sec. 57. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to  
40.2 read:

40.3 Subd. 4c. **Withdrawal; reinstitution.** (a) The election under subdivision 4b, paragraph  
40.4 (a), may be withdrawn:

40.5 (1) after expiration of the ten-year period in subdivision 4b, paragraph (c), provided that  
40.6 the withdrawal is made in writing within one year of the expiration of the election; or

40.7 (2) prior to the expiration of the ten-year period, if the taxpayer members:

40.8 (i) file a written withdrawal request with the commissioner of revenue;

40.9 (ii) would experience an extraordinary hardship due to unforeseen changes in this state's  
40.10 tax statutes, laws, or policies; and

40.11 (iii) receive written permission from the commissioner approving the withdrawal, which  
40.12 the commissioner may grant.

40.13 (b) A withdrawal made under paragraph (a) is binding for ten years. If no withdrawal  
40.14 is properly made under paragraph (a), clause (1), the worldwide election is binding for an  
40.15 additional ten taxable years. If the commissioner grants written permission to withdraw  
40.16 under paragraph (a), clause (2), the commissioner must impose any requirement deemed  
40.17 necessary to prevent evasion of tax or to clearly reflect income for the election period before  
40.18 or after withdrawal.

40.19 (c) Notwithstanding the requirement binding withdrawal for ten years under paragraph  
40.20 (b), the election may be reinstited if the taxpayer members:

40.21 (1) file a written reinstitution request with the commissioner of revenue;

40.22 (2) would experience an extraordinary hardship due to unforeseen changes in this state's  
40.23 tax statutes, laws, or policies; and

40.24 (3) receive written permission from the commissioner approving the reinstitution, which  
40.25 the commissioner may grant.

40.26 (d) A reinstitution under paragraph (c) is binding for a period of ten years. The withdrawal  
40.27 provisions of paragraph (a) apply to a reinstitution under paragraph (c), and the provisions  
40.28 of paragraph (c) apply to a reinstitution following a subsequent withdrawal.

40.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
40.30 31, 2018.



41.1 Sec. 58. Minnesota Statutes 2018, section 290.21, is amended by adding a subdivision to  
41.2 read:

41.3 Subd. 9. **Controlled foreign corporations.** The net income of a domestic corporation  
41.4 that is included pursuant to sections 951 and 965 of the Internal Revenue Code is dividend  
41.5 income.

41.6 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
41.7 changes in Public Law 115-97 relating to deferred foreign income were effective for federal  
41.8 purposes.

41.9 Sec. 59. Minnesota Statutes 2018, section 290.92, subdivision 1, is amended to read:

41.10 Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages"  
41.11 means the same as that term is defined in section 3401(a) ~~and~~ (f), and (i) of the Internal  
41.12 Revenue Code.

41.13 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period  
41.14 for which a payment of wages is ordinarily made to the employee by the employee's  
41.15 employer, and the term "miscellaneous payroll period" means a payroll period other than a  
41.16 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll  
41.17 period.

41.18 (3) **Employee.** For purposes of this section the term "employee" means any resident  
41.19 individual performing services for an employer, either within or without, or both within and  
41.20 without the state of Minnesota, and every nonresident individual performing services within  
41.21 the state of Minnesota, the performance of which services constitute, establish, and determine  
41.22 the relationship between the parties as that of employer and employee. As used in the  
41.23 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,  
41.24 employee, or elected official of the United States, a state, or any political subdivision thereof,  
41.25 or the District of Columbia, or any agency or instrumentality of any one or more of the  
41.26 foregoing.

41.27 (4) **Employer.** For purposes of this section the term "employer" means any person,  
41.28 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,  
41.29 and corporations transacting business in or deriving any income from sources within the  
41.30 state of Minnesota for whom an individual performs or performed any service, of whatever  
41.31 nature, as the employee of such person, except that if the person for whom the individual  
41.32 performs or performed the services does not have control of the payment of the wages for  
41.33 such services, the term "employer," except for purposes of paragraph (1), means the person

42.1 having control of the payment of such wages. As used in the preceding sentence, the term  
42.2 "employer" includes any corporation, individual, estate, trust, or organization which is  
42.3 exempt from taxation under section 290.05 and further includes, but is not limited to, officers  
42.4 of corporations who have control, either individually or jointly with another or others, of  
42.5 the payment of the wages.

42.6 (5) **Number of withholding exemptions claimed.** For purposes of this section, the term  
42.7 "number of withholding exemptions claimed" means the number of withholding exemptions  
42.8 claimed in a withholding exemption certificate in effect under subdivision 5, except that if  
42.9 no such certificate is in effect, the number of withholding exemptions claimed shall be  
42.10 considered to be zero.

42.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
42.12 31, 2018.

42.13 Sec. 60. **[290.993] SPECIAL LIMITED ADJUSTMENT.**

42.14 (a) For an individual income taxpayer subject to tax under section 290.06, subdivision  
42.15 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision  
42.16 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the  
42.17 following special rules apply:

42.18 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an  
42.19 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual  
42.20 income tax purposes, regardless of the choice made on their federal return; and

42.21 (2) there is an adjustment to tax equal to the difference between the tax calculated under  
42.22 this chapter using the Internal Revenue Code as amended through December 16, 2016, and  
42.23 the tax calculated under this chapter using the Internal Revenue Code amended through  
42.24 December 31, 2018, before the application of credits. The end result must be zero additional  
42.25 tax due or refund.

42.26 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to  
42.27 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,  
42.28 13313, 13502, 13503, 13801, 14101, 14102, 14103, 14202, 14211 through 14215, and  
42.29 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

42.30 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
42.31 after December 31, 2017, and before January 1, 2019.

43.1 Sec. 61. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

43.2 Subd. 3. **Income.** (a) "Income" means the sum of the following:

43.3 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

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

43.5 (i) all nontaxable income;

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

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

43.12 (iv) cash public assistance and relief;

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

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

43.20 (vii) workers' compensation;

43.21 (viii) nontaxable strike benefits;

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

43.25 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
43.26 1986, as amended through December 31, 1995;

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

44.1 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
44.2 the claimant and spouse;

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

44.5 (xiii) nontaxable scholarship or fellowship grants;

44.6 (xiv) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~  
44.7 alimony received to the extent not included in the recipient's income;

44.8 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
44.9 Code;

44.10 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
44.11 Code; and

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

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

44.19 (b) "Income" does not include:

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

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

44.24 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
44.25 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
44.26 the retirement base amount reduced by the amount of contributions excluded from federal  
44.27 adjusted gross income, but not less than zero;

44.28 (4) surplus food or other relief in kind supplied by a governmental agency;

44.29 (5) relief granted under this chapter;

44.30 (6) child support payments received under a temporary or final decree of dissolution or  
44.31 legal separation; or

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

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

45.5 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

45.6 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

45.7 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

45.8 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

45.9 (5) for the claimant's fifth dependent, the exemption amount; and

45.10 (6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or  
45.11 before December 31 of the year for which the taxes were levied or rent paid, the exemption  
45.12 amount.

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

45.14 (1) "exemption amount" means the exemption amount under section ~~151(d) of the Internal~~  
45.15 ~~Revenue Code~~ 290.0121, subdivision 1, paragraph (b), for the taxable year for which the  
45.16 income is reported;

45.17 (2) "retirement base amount" means the deductible amount for the taxable year for the  
45.18 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for  
45.19 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard  
45.20 to whether the claimant or spouse claimed a deduction; and

45.21 (3) "traditional or Roth style retirement account or plan" means retirement plans under  
45.22 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

45.23 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property  
45.24 taxes payable in 2020 and rent paid in 2019.

45.25 Sec. 62. Minnesota Statutes 2018, section 290A.03, subdivision 12, is amended to read:

45.26 Subd. 12. **Gross rent.** (a) "Gross rent" means rental paid for the right of occupancy, at  
45.27 arm's length, of a homestead, exclusive of charges for any medical services furnished by  
45.28 the landlord as a part of the rental agreement, whether expressly set out in the rental  
45.29 agreement or not.

45.30 (b) The gross rent of a resident of a nursing home or intermediate care facility is \$350  
45.31 per month. The gross rent of a resident of an adult foster care home is \$550 per month.

46.1 ~~Beginning for rent paid in 2002,~~ The commissioner shall annually adjust ~~for inflation~~ the  
 46.2 ~~gross rent~~ amounts stated in this paragraph. ~~The adjustment must be made in accordance~~  
 46.3 ~~with section 1(f) of the Internal Revenue Code, except that for purposes of this paragraph~~  
 46.4 ~~the percentage increase shall be determined from the year ending on June 30, 2001, to the~~  
 46.5 ~~year ending on June 30 of the year in which the rent is paid. The commissioner shall round~~  
 46.6 ~~the gross rents to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall~~  
 46.7 ~~round it up to the next \$10 amount. The determination of the commissioner under this~~  
 46.8 ~~paragraph is not a rule under the Administrative Procedure Act as provided in section~~  
 46.9 270C.22. The statutory year is 2020.

46.10 (c) If the landlord and tenant have not dealt with each other at arm's length and the  
 46.11 commissioner determines that the gross rent charged was excessive, the commissioner may  
 46.12 adjust the gross rent to a reasonable amount for purposes of this chapter.

46.13 (d) Any amount paid by a claimant residing in property assessed pursuant to section  
 46.14 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from  
 46.15 gross rent for purposes of this chapter. However, property taxes imputed to the homestead  
 46.16 of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead  
 46.17 treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the  
 46.18 term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that  
 46.19 ownership is not in the name of the claimant.

46.20 **EFFECTIVE DATE.** This section is effective for adjustments beginning with refunds  
 46.21 based on rent paid in 2019.

46.22 Sec. 63. Minnesota Statutes 2018, section 290A.03, subdivision 15, is amended to read:

46.23 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue  
 46.24 Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

46.25 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property  
 46.26 taxes payable in 2020 and rent paid in 2019.

46.27 Sec. 64. Minnesota Statutes 2018, section 290A.04, subdivision 4, is amended to read:

46.28 Subd. 4. **Inflation adjustment.** ~~(a) Beginning for property tax refunds payable in calendar~~  
 46.29 ~~year 2002,~~ The commissioner shall annually adjust the dollar amounts of the income  
 46.30 thresholds and the maximum refunds under subdivisions 2 and 2a ~~for inflation. The~~  
 46.31 ~~commissioner shall make the inflation adjustments in accordance with section 1(f) of the~~  
 46.32 ~~Internal Revenue Code, except that for purposes of this subdivision the percentage increase~~

47.1 ~~shall be determined as provided in this subdivision~~ as provided in section 270C.22. The  
47.2 statutory year is 2020.

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

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

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

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

47.20 **EFFECTIVE DATE.** This section is effective for adjustments for refunds based on  
47.21 rent paid in 2020 and property taxes payable in 2021.

47.22 Sec. 65. Minnesota Statutes 2018, section 291.005, subdivision 1, is amended to read:

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

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

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

48.1 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,  
48.2 as amended through ~~December 16, 2016~~ December 31, 2018.

48.3 (4) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
48.4 excluding therefrom any property included in the estate which has its situs outside Minnesota,  
48.5 and (b) including any property omitted from the federal gross estate which is includable in  
48.6 the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

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

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

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

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

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

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

48.25 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
48.26 Code, owned by a nonresident decedent and that is normally kept or located in this state  
48.27 because it is on loan to an organization, qualifying as exempt from taxation under section  
48.28 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
48.29 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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



49.1 For a nonresident decedent with an ownership interest in a pass-through entity with  
49.2 assets that include real or tangible personal property, situs of the real or tangible personal  
49.3 property, including qualified works of art, is determined as if the pass-through entity does  
49.4 not exist and the real or tangible personal property is personally owned by the decedent. If  
49.5 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
49.6 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
49.7 share of the pass-through entity.

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

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

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

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

49.15 (iv) a trust to the extent the property is ~~includible~~ includable in the decedent's federal  
49.16 gross estate; but excludes

49.17 (v) an entity whose ownership interest securities are traded on an exchange regulated  
49.18 by the Securities and Exchange Commission as a national securities exchange under section  
49.19 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

49.20 **EFFECTIVE DATE.** This section is effective the day following final enactment except  
49.21 the changes incorporated by federal changes are effective retroactively at the same time the  
49.22 changes became effective for federal purposes.

49.23 Sec. 66. Minnesota Statutes 2018, section 297A.68, subdivision 25, is amended to read:

49.24 Subd. 25. **Sale of property used in a trade or business.** (a) The sale of tangible personal  
49.25 property primarily used in a trade or business is exempt if the sale is not made in the normal  
49.26 course of business of selling that kind of property and if one of the following conditions is  
49.27 satisfied:

49.28 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,  
49.29 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended  
49.30 through December 16, 2016;

49.31 (2) the sale is between members of a controlled group as defined in section 1563(a) of  
49.32 the Internal Revenue Code;

50.1 (3) the sale is a sale of farm machinery;

50.2 (4) the sale is a farm auction sale;

50.3 (5) the sale is a sale of substantially all of the assets of a trade or business; or

50.4 (6) the total amount of gross receipts from the sale of trade or business property made  
50.5 during the calendar month of the sale and the preceding 11 calendar months does not exceed  
50.6 \$1,000.

50.7 The use, storage, distribution, or consumption of tangible personal property acquired as  
50.8 a result of a sale exempt under this subdivision is also exempt.

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

50.10 (1) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially  
50.11 all of the property sold consists of property used in the trade or business of farming and  
50.12 property not used primarily in a trade or business.

50.13 (2) "Trade or business" includes the assets of a separate division, branch, or identifiable  
50.14 segment of a trade or business if, before the sale, the income and expenses attributable to  
50.15 the separate division, branch, or identifiable segment could be separately ascertained from  
50.16 the books of account or record (the lease or rental of an identifiable segment does not qualify  
50.17 for the exemption).

50.18 (3) A "sale of substantially all of the assets of a trade or business" must occur as a single  
50.19 transaction or a series of related transactions within the 12-month period beginning on the  
50.20 date of the first sale of assets intended to qualify for the exemption provided in paragraph  
50.21 (a), clause (5).

50.22 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
50.23 made after December 31, 2017.

50.24 Sec. 67. Minnesota Statutes 2018, section 297B.03, is amended to read:

50.25 **297B.03 EXEMPTIONS.**

50.26 There is specifically exempted from the provisions of this chapter and from computation  
50.27 of the amount of tax imposed by it the following:

50.28 (1) purchase or use, including use under a lease purchase agreement or installment sales  
50.29 contract made pursuant to section 465.71, of any motor vehicle by the United States and its  
50.30 agencies and instrumentalities and by any person described in and subject to the conditions  
50.31 provided in section 297A.67, subdivision 11;

51.1 (2) purchase or use of any motor vehicle by any person who was a resident of another  
51.2 state or country at the time of the purchase and who subsequently becomes a resident of  
51.3 Minnesota, provided the purchase occurred more than 60 days prior to the date such person  
51.4 began residing in the state of Minnesota and the motor vehicle was registered in the person's  
51.5 name in the other state or country;

51.6 (3) purchase or use of any motor vehicle by any person making a valid election to be  
51.7 taxed under the provisions of section 297A.90;

51.8 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota  
51.9 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,  
51.10 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,  
51.11 as amended through December 16, 2016;

51.12 (5) purchase or use of any vehicle owned by a resident of another state and leased to a  
51.13 Minnesota-based private or for-hire carrier for regular use in the transportation of persons  
51.14 or property in interstate commerce provided the vehicle is titled in the state of the owner or  
51.15 secured party, and that state does not impose a sales tax or sales tax on motor vehicles used  
51.16 in interstate commerce;

51.17 (6) purchase or use of a motor vehicle by a private nonprofit or public educational  
51.18 institution for use as an instructional aid in automotive training programs operated by the  
51.19 institution. "Automotive training programs" includes motor vehicle body and mechanical  
51.20 repair courses but does not include driver education programs;

51.21 (7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10  
51.22 when that vehicle is equipped and specifically intended for emergency response or for  
51.23 providing ambulance service;

51.24 (8) purchase of a motor vehicle by or for a public library, as defined in section 134.001,  
51.25 subdivision 2, as a bookmobile or library delivery vehicle;

51.26 (9) purchase of a ready-mixed concrete truck;

51.27 (10) purchase or use of a motor vehicle by a town for use exclusively for road  
51.28 maintenance, including snowplows and dump trucks, but not including automobiles, vans,  
51.29 or pickup trucks;

51.30 (11) purchase or use of a motor vehicle by a corporation, society, association, foundation,  
51.31 or institution organized and operated exclusively for charitable, religious, or educational  
51.32 purposes, except a public school, university, or library, but only if the vehicle is:

52.1 (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
52.2 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
52.3 for carrying more than nine persons including the driver; and

52.4 (ii) intended to be used primarily to transport tangible personal property or individuals,  
52.5 other than employees, to whom the organization provides service in performing its charitable,  
52.6 religious, or educational purpose;

52.7 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide  
52.8 transit service is exempt if the transit provider is either (i) receiving financial assistance or  
52.9 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
52.10 473.388, or 473.405;

52.11 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
52.12 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
52.13 garaged in the job opportunity building zone and is primarily used as part of or in direct  
52.14 support of the person's operations carried on in the job opportunity building zone. The  
52.15 exemption under this clause applies to sales, if the purchase was made and delivery received  
52.16 during the duration of the job opportunity building zone. The exemption under this clause  
52.17 also applies to any local sales and use tax;

52.18 (14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own  
52.19 program from a charitable organization that is:

52.20 (i) described in section 501(c)(3) of the Internal Revenue Code; and

52.21 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

52.22 (15) purchase of a motor vehicle used exclusively as a mobile medical unit for the  
52.23 provision of medical or dental services by a federally qualified health center, as defined  
52.24 under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget  
52.25 Reconciliation Act of 1990.

52.26 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
52.27 made after December 31, 2017.

52.28 Sec. 68. Minnesota Statutes 2018, section 462D.06, subdivision 1, is amended to read:

52.29 Subdivision 1. **Subtraction.** (a) As provided in section 290.0132, subdivision 25, an  
52.30 account holder is allowed a subtraction from ~~the~~ federal ~~taxable~~ adjusted gross income equal  
52.31 to interest or dividends earned on the first-time home buyer savings account during the  
52.32 taxable year.

53.1 (b) The subtraction under paragraph (a) is allowed each year for the taxable years  
53.2 including and following the taxable year in which the account was established. No person  
53.3 other than the account holder is allowed a subtraction under this section.

53.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
53.5 31, 2018.

53.6 Sec. 69. Minnesota Statutes 2018, section 462D.06, subdivision 2, is amended to read:

53.7 Subd. 2. **Addition.** (a) As provided in section 290.0131, subdivision 14, an account  
53.8 holder must add to federal ~~taxable~~ adjusted gross income the following amounts:

53.9 (1) the amount in excess of the total contributions for all taxable years that is withdrawn  
53.10 and used for other than eligible costs, or for a transfer permitted under section 462D.04,  
53.11 subdivision 2; and

53.12 (2) the amount remaining in the first-time home buyer savings account at the close of  
53.13 the tenth taxable year that exceeds the total contributions to the account for all taxable years.

53.14 (b) For an account that received a transfer under section 462D.04, subdivision 2, the  
53.15 ten-year period under paragraph (a), clause (2), ends at the close of the earliest taxable year  
53.16 that applies to either account under that clause.

53.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
53.18 31, 2018.

53.19 Sec. 70. Minnesota Statutes 2018, section 469.316, subdivision 1, is amended to read:

53.20 Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business  
53.21 in a job opportunity building zone, and an individual, estate, or trust making a qualifying  
53.22 investment in a qualified business operating in a job opportunity building zone qualifies for  
53.23 the exemptions from taxes imposed under chapter 290, as provided in this section. The  
53.24 exemptions provided under this section apply only to the extent that the income otherwise  
53.25 would be taxable under chapter 290. Subtractions under this section from federal adjusted  
53.26 gross income, federal taxable income, alternative minimum taxable income, or any other  
53.27 base subject to tax are limited to the amount that otherwise would be included in the tax  
53.28 base absent the exemption under this section. This section applies only to taxable years  
53.29 beginning during the duration of the job opportunity building zone.

53.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
53.31 31, 2018.

54.1 Sec. 71. **SPECIAL PROVISION FOR TAX YEAR 2017.**

54.2 Notwithstanding any law to the contrary or other provision of this article, sections 40202  
 54.3 and 40203 of Public Law 115-123 shall not apply for the purpose of calculating net income  
 54.4 under section 290.01, subdivision 6, for taxable years beginning after December 31, 2016,  
 54.5 and before January 1, 2018.

54.6 Sec. 72. **REVISOR INSTRUCTION.**

54.7 The commissioner of revenue must promptly notify the revisor of statutes in writing of  
 54.8 the adjusted statutory year amounts for each of the statutory sections that are indexed for  
 54.9 inflation under section 270C.22. The revisor shall publish the updated statutory amounts in  
 54.10 the 2019 Supplement of Minnesota Statutes.

54.11 Sec. 73. **REPEALER.**

54.12 Minnesota Statutes 2018, sections 290.0131, subdivisions 7, 11, 12, and 13; 290.0132,  
 54.13 subdivision 8; 290.0133, subdivisions 13 and 14; and 290.10, subdivision 2, are repealed.

54.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 54.15 31, 2018.

54.16 **ARTICLE 2**54.17 **INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

54.18 Section 1. Minnesota Statutes 2018, section 116J.8737, subdivision 1, is amended to read:

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

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

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

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

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

54.29 (1) \$10,000 in a calendar year by a qualified investor; ~~or~~

55.1 (2) \$7,500 in a calendar year by a qualified investor in qualified greater Minnesota  
55.2 businesses or minority- or women-owned businesses in Minnesota; or

55.3 ~~(2)~~ (3) \$30,000 in a calendar year by a qualified fund.

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

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

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

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

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

55.20 (j) "Qualified greater Minnesota business" means a qualified small business that is also  
55.21 certified by the commissioner as a qualified greater Minnesota business under subdivision  
55.22 2, paragraph (h).

55.23 (k) "Minority group member" means a United States citizen who is Asian, Pacific  
55.24 Islander, Black, Hispanic, or Native American.

55.25 (l) "Minority-owned business" means a business for which one or more minority group  
55.26 members:

55.27 (1) own at least 50 percent of the business, or, in the case of a publicly owned business,  
55.28 own at least 51 percent of the stock; and

55.29 (2) manage the business and control the daily business operations.

55.30 (m) "Women" means persons of the female gender.

55.31 (n) "Women-owned business" means a business for which one or more women:

56.1 (1) own at least 50 percent of the business, or, in the case of a publicly owned business,  
56.2 own at least 51 percent of the stock; and

56.3 (2) manage the business and control the daily business operations.

56.4 (o) "Officer" means a person elected or appointed by the board of directors to manage  
56.5 the daily operations of the qualified small business.

56.6 (p) "Principal" means a person having authority to act on behalf of the qualified small  
56.7 business.

56.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
56.9 31, 2018.

56.10 Sec. 2. Minnesota Statutes 2018, section 116J.8737, subdivision 2, is amended to read:

56.11 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the  
56.12 commissioner for certification as a qualified small business or qualified greater Minnesota  
56.13 small business for a calendar year. The application must be in the form and be made under  
56.14 the procedures specified by the commissioner, accompanied by an application fee of \$150.  
56.15 Application fees are deposited in the small business investment tax credit administration  
56.16 account in the special revenue fund. ~~The application for certification for 2010 must be made~~  
56.17 ~~available on the department's website by August 1, 2010.~~ Applications for subsequent years'  
56.18 certification must be made available on the department's website by November 1 of the  
56.19 preceding year.

56.20 (b) Within 30 days of receiving an application for certification under this subdivision,  
56.21 the commissioner must either certify the business as satisfying the conditions required of a  
56.22 qualified small business or qualified greater Minnesota small business, request additional  
56.23 information from the business, or reject the application for certification. If the commissioner  
56.24 requests additional information from the business, the commissioner must either certify the  
56.25 business or reject the application within 30 days of receiving the additional information. If  
56.26 the commissioner neither certifies the business nor rejects the application within 30 days  
56.27 of receiving the original application or within 30 days of receiving the additional information  
56.28 requested, whichever is later, then the application is deemed rejected, and the commissioner  
56.29 must refund the \$150 application fee. A business that applies for certification and is rejected  
56.30 may reapply.

56.31 (c) To receive certification as a qualified small business, a business must satisfy all of  
56.32 the following conditions:

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



57.1 (2) at least: (i) 51 percent of the business's employees are employed in Minnesota; (ii)  
57.2 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent  
57.3 of the total value of all contractual agreements to which the business is a party in connection  
57.4 with its primary business activity is for services performed under contract in Minnesota,  
57.5 unless the business obtains a waiver under paragraph (i);

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

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

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

57.12 (iii) researching or developing a proprietary product, process, or service in the fields of  
57.13 agriculture, tourism, forestry, mining, manufacturing, or transportation; or

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

57.16 (4) other than the activities specifically listed in clause (3), the business is not engaged  
57.17 in real estate development, insurance, banking, lending, lobbying, political consulting,  
57.18 information technology consulting, wholesale or retail trade, leisure, hospitality,  
57.19 transportation, construction, ethanol production from corn, or professional services provided  
57.20 by attorneys, accountants, business consultants, physicians, or health care consultants;

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

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

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

58.1 (8) the business has not previously received private equity investments of more than  
58.2 \$4,000,000;

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

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

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

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

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

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

58.13 (3) the business must not issue securities that are traded on a public exchange within  
58.14 180 days after the date on which the qualified investment was made; and

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

58.17 (f) The commissioner must maintain a list of qualified small businesses and qualified  
58.18 greater Minnesota businesses certified under this subdivision for the calendar year and make  
58.19 the list accessible to the public on the department's website.

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

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

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

58.29 (3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan  
58.30 area as defined in section 473.121, subdivision 2.

59.1 (h) To receive certification as a qualified greater Minnesota business, a business must  
59.2 satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

59.3 (1) the business has its headquarters in greater Minnesota; and

59.4 (2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota;  
59.5 (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and  
59.6 (iii) 51 percent of the total value of all contractual agreements to which the business is a  
59.7 party in connection with its primary business activity is for services performed under contract  
59.8 in greater Minnesota, unless the business obtains a waiver under paragraph (i).

59.9 (i) The commissioner must exempt a business from the requirement under paragraph  
59.10 (c), clause (2), item (iii), if the business certifies to the commissioner that the services  
59.11 required under a contract in connection with the primary business activity cannot be  
59.12 performed in Minnesota if the business otherwise qualifies as a qualified small business, or  
59.13 in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota  
59.14 business. The business must submit the certification required under this paragraph every  
59.15 six months from the month the exemption was granted. The exemption allowed under this  
59.16 paragraph must be submitted in a form and manner prescribed by the commissioner.

59.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
59.18 31, 2018.

59.19 Sec. 3. Minnesota Statutes 2018, section 116J.8737, subdivision 3, is amended to read:

59.20 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the  
59.21 commissioner for certification as a qualified investor for a taxable year. The application  
59.22 must be in the form and be made under the procedures specified by the commissioner,  
59.23 accompanied by an application fee of \$350. Application fees are deposited in the small  
59.24 business investment tax credit administration account in the special revenue fund. ~~The~~  
59.25 ~~application for certification for 2010 must be made available on the department's website~~  
59.26 ~~by August 1, 2010.~~ Applications for subsequent years' certification must be made available  
59.27 on the department's website by November 1 of the preceding year.

59.28 (b) Within 30 days of receiving an application for certification under this subdivision,  
59.29 the commissioner must either certify the investor as satisfying the conditions required of a  
59.30 qualified investor, request additional information from the investor, or reject the application  
59.31 for certification. If the commissioner requests additional information from the investor, the  
59.32 commissioner must either certify the investor or reject the application within 30 days of  
59.33 receiving the additional information. If the commissioner neither certifies the investor nor

60.1 rejects the application within 30 days of receiving the original application or within 30 days  
60.2 of receiving the additional information requested, whichever is later, then the application  
60.3 is deemed rejected, and the commissioner must refund the \$350 application fee. An investor  
60.4 who applies for certification and is rejected may reapply.

60.5 (c) To receive certification, an investor must (1) be a natural person; and (2) certify to  
60.6 the commissioner that the investor will only invest in a transaction that is exempt under  
60.7 section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a  
60.8 security registered under section 80A.50, paragraph (b).

60.9 (d) In order for a qualified investment in a qualified small business to be eligible for tax  
60.10 credits, a qualified investor who makes the investment must have applied for and received  
60.11 certification for the calendar year prior to making the qualified investment, except in the  
60.12 case of an investor who is not an accredited investor, within the meaning of Regulation D  
60.13 of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section  
60.14 230.501, paragraph (a), application for certification may be made within 30 days after  
60.15 making the qualified investment.

60.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
60.17 31, 2018.

60.18 Sec. 4. Minnesota Statutes 2018, section 116J.8737, subdivision 4, is amended to read:

60.19 Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the  
60.20 commissioner for certification as a qualified fund for a calendar year. The application must  
60.21 be in the form and be made under the procedures specified by the commissioner, accompanied  
60.22 by an application fee of \$1,000. Application fees are deposited in the small business  
60.23 investment tax credit administration account in the special revenue fund. ~~The application~~  
60.24 ~~for certification for 2010 of qualified funds must be made available on the department's~~  
60.25 ~~website by August 1, 2010.~~ Applications for subsequent years' certification must be made  
60.26 available by November 1 of the preceding year.

60.27 (b) Within 30 days of receiving an application for certification under this subdivision,  
60.28 the commissioner must either certify the fund as satisfying the conditions required of a  
60.29 qualified fund, request additional information from the fund, or reject the application for  
60.30 certification. If the commissioner requests additional information from the fund, the  
60.31 commissioner must either certify the fund or reject the application within 30 days of receiving  
60.32 the additional information. If the commissioner neither certifies the fund nor rejects the  
60.33 application within 30 days of receiving the original application or within 30 days of receiving  
60.34 the additional information requested, whichever is later, then the application is deemed

61.1 rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies  
61.2 for certification and is rejected may reapply.

61.3 (c) To receive certification, a fund must:

61.4 (1) invest or intend to invest in qualified small businesses;

61.5 (2) be organized as a pass-through entity; and

61.6 (3) have at least three separate investors, of whom at least three whose investment is  
61.7 made in the certified business and who seek a tax credit allocation satisfy the conditions in  
61.8 subdivision 3, paragraph (c).

61.9 (d) Investments in the fund may consist of equity investments or notes that pay interest  
61.10 or other fixed amounts, or any combination of both.

61.11 (e) In order for a qualified investment in a qualified small business to be eligible for tax  
61.12 credits, a qualified fund that makes the investment must have applied for and received  
61.13 certification for the calendar year prior to making the qualified investment.

61.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
61.15 31, 2018.

61.16 Sec. 5. Minnesota Statutes 2018, section 116J.8737, subdivision 5, is amended to read:

61.17 Subd. 5. **Credit allowed.** (a)~~(1)~~ A qualified investor or qualified fund is eligible for a  
61.18 credit equal to 25 percent of the qualified investment in a qualified small business.

61.19 Investments made by a pass-through entity qualify for a credit only if the entity is a qualified  
61.20 fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$10,000,000 in credits  
61.21 to qualified investors or qualified funds for taxable years beginning after December 31,  
61.22 ~~2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits~~  
61.23 ~~to qualified investors or qualified funds for taxable years beginning after December 31,~~  
61.24 ~~2016, and before January 1, 2018; and (2) for taxable years beginning after December 31,~~  
61.25 ~~2014, and before January 1, 2018, and before January 1, 2021.~~ For each taxable year, 50  
61.26 percent must be allocated to credits for qualifying investments in qualified greater Minnesota  
61.27 businesses and minority- or women-owned qualified small businesses in Minnesota. Any  
61.28 portion of a taxable year's credits that is reserved for qualifying investments in greater  
61.29 Minnesota businesses and minority- or women-owned qualified small businesses in  
61.30 Minnesota that is not allocated by September 30 of the taxable year is available for allocation  
61.31 to other credit applications beginning on October 1. Any portion of a taxable year's credits  
61.32 that is not allocated by the commissioner does not cancel and may be carried forward to  
61.33 subsequent taxable years until all credits have been allocated.

62.1 (b) The commissioner may not allocate more than a total maximum amount in credits  
62.2 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
62.3 as an individual qualified investor and as an investor in a qualified fund; for married couples  
62.4 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
62.5 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
62.6 over all taxable years for qualified investments in any one qualified small business.

62.7 (c) The commissioner may not allocate a credit to a qualified investor either as an  
62.8 individual qualified investor or as an investor in a qualified fund if, at the time the investment  
62.9 is proposed:

62.10 (1) the investor is an officer or principal of the qualified small business; or

62.11 (2) the investor, either individually or in combination with one or more members of the  
62.12 investor's family, owns, controls, or holds the power to vote 20 percent or more of the  
62.13 outstanding securities of the qualified small business.

62.14 A member of the family of an individual disqualified by this paragraph is not eligible for a  
62.15 credit under this section. For a married couple filing a joint return, the limitations in this  
62.16 paragraph apply collectively to the investor and spouse. For purposes of determining the  
62.17 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
62.18 267(e) of the Internal Revenue Code apply.

62.19 (d) Applications for tax credits for 2010 must be made available on the department's  
62.20 website by September 1, 2010, and the department must begin accepting applications by  
62.21 September 1, 2010. Applications for subsequent years must be made available by November  
62.22 1 of the preceding year.

62.23 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
62.24 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
62.25 tax credit request applications are filed with the department. The commissioner must approve  
62.26 or reject tax credit request applications within 15 days of receiving the application. The  
62.27 investment specified in the application must be made within 60 days of the allocation of  
62.28 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
62.29 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
62.30 specified in the application, within 60 days of allocation of the credits, must notify the  
62.31 commissioner of the failure to invest within five business days of the expiration of the  
62.32 60-day investment period.

62.33 (f) All tax credit request applications filed with the department on the same day must  
62.34 be treated as having been filed contemporaneously. If two or more qualified investors or

63.1 qualified funds file tax credit request applications on the same day, and the aggregate amount  
63.2 of credit allocation claims exceeds the aggregate limit of credits under this section or the  
63.3 lesser amount of credits that remain unallocated on that day, then the credits must be allocated  
63.4 among the qualified investors or qualified funds who filed on that day on a pro rata basis  
63.5 with respect to the amounts claimed. The pro rata allocation for any one qualified investor  
63.6 or qualified fund is the product obtained by multiplying a fraction, the numerator of which  
63.7 is the amount of the credit allocation claim filed on behalf of a qualified investor and the  
63.8 denominator of which is the total of all credit allocation claims filed on behalf of all  
63.9 applicants on that day, by the amount of credits that remain unallocated on that day for the  
63.10 taxable year.

63.11 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
63.12 behalf, must notify the commissioner when an investment for which credits were allocated  
63.13 has been made, and the taxable year in which the investment was made. A qualified fund  
63.14 must also provide the commissioner with a statement indicating the amount invested by  
63.15 each investor in the qualified fund based on each investor's share of the assets of the qualified  
63.16 fund at the time of the qualified investment. After receiving notification that the investment  
63.17 was made, the commissioner must issue credit certificates for the taxable year in which the  
63.18 investment was made to the qualified investor or, for an investment made by a qualified  
63.19 fund, to each qualified investor who is an investor in the fund. The certificate must state  
63.20 that the credit is subject to revocation if the qualified investor or qualified fund does not  
63.21 hold the investment in the qualified small business for at least three years, consisting of the  
63.22 calendar year in which the investment was made and the two following years. The three-year  
63.23 holding period does not apply if:

63.24 (1) the investment by the qualified investor or qualified fund becomes worthless before  
63.25 the end of the three-year period;

63.26 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
63.27 of the three-year period;

63.28 (3) the qualified small business is sold before the end of the three-year period;

63.29 (4) the qualified small business's common stock begins trading on a public exchange  
63.30 before the end of the three-year period; or

63.31 (5) the qualified investor dies before the end of the three-year period.

63.32 (h) The commissioner must notify the commissioner of revenue of credit certificates  
63.33 issued under this section.

64.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
64.2 31, 2018.

64.3 Sec. 6. Minnesota Statutes 2018, section 116J.8737, subdivision 6, is amended to read:

64.4 Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business  
64.5 that received an investment that qualified for a credit, and each qualified investor and  
64.6 qualified fund that made an investment that qualified for a credit, must submit an annual  
64.7 report to the commissioner and pay a filing fee of \$100 as required under this subdivision.  
64.8 Each qualified investor and qualified fund must submit reports for three years following  
64.9 each year in which it made an investment that qualified for a credit, and each qualified small  
64.10 business must submit reports for five years following the year in which it received an  
64.11 investment qualifying for a credit. Reports must be made in the form required by the  
64.12 commissioner. All filing fees collected are deposited in the small business investment tax  
64.13 credit administration account in the special revenue fund.

64.14 (b) A report from a qualified small business must certify that the business satisfies the  
64.15 following requirements:

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

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

64.19 (3) that the business is engaged in, or is committed to engage in, innovation in Minnesota  
64.20 as defined under subdivision 2; and

64.21 (4) that the business meets the payroll requirements in subdivision 2, paragraph (c),  
64.22 clause (6).

64.23 (c) Reports from qualified investors must certify that the investor remains invested in  
64.24 the qualified small business as required by subdivision 5, paragraph (g).

64.25 (d) Reports from qualified funds must certify that the fund remains invested in the  
64.26 qualified small business as required by subdivision 5, paragraph (g).

64.27 (e) A qualified small business that ceases all operations and becomes insolvent must file  
64.28 a final annual report in the form required by the commissioner documenting its insolvency.  
64.29 In following years the business is exempt from the annual reporting requirement, the report  
64.30 filing fee, and the fine for failure to file a report.



65.1 (f) A qualified small business, qualified investor, or qualified fund that fails to file an  
 65.2 annual report by February 1 as required under this subdivision is subject to a ~~\$500~~ \$100  
 65.3 fine.

65.4 (g) A qualified investor or qualified fund that fails to file an annual report by April 1  
 65.5 may, at the commissioner's discretion, have any credit allocated and certified to the investor  
 65.6 or fund revoked and such credit must be repaid by the investor.

65.7 (h) A qualified business that fails to file an annual report by April 1 may, at the  
 65.8 commissioner's discretion, be subject to the credit repayment provisions in subdivision 7,  
 65.9 paragraph (b).

65.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 65.11 31, 2018.

65.12 Sec. 7. Minnesota Statutes 2018, section 116J.8737, subdivision 12, is amended to read:

65.13 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,  
 65.14 ~~2017~~ 2020, except that reporting requirements under subdivision 6 and revocation of credits  
 65.15 under subdivision 7 remain in effect through ~~2019~~ 2022 for qualified investors and qualified  
 65.16 funds, and through ~~2021~~ 2024 for qualified small businesses, reporting requirements under  
 65.17 subdivision 9 remain in effect through ~~2022~~ 2020, and the appropriation in subdivision 11  
 65.18 remains in effect through ~~2021~~ 2024.

65.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 65.20 31, 2018.

65.21 Sec. 8. Minnesota Statutes 2018, section 289A.10, subdivision 1, is amended to read:

65.22 Subdivision 1. **Return required.** (a) In the case of a decedent who has an interest in  
 65.23 property with a situs in Minnesota, the personal representative must submit a Minnesota  
 65.24 estate tax return to the commissioner, on a form prescribed by the commissioner, if:

65.25 (1) a federal estate tax return is required to be filed; or

65.26 (2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in  
 65.27 section 2001(b) of the Internal Revenue Code, made within three years of the date of the  
 65.28 decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for~~  
 65.29 ~~estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;~~  
 65.30 ~~\$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying~~  
 65.31 ~~in 2018; and \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates~~  
 65.32 ~~of decedents dying in 2020~~ and thereafter.

66.1 (b) The return must contain a computation of the Minnesota estate tax due. The return  
66.2 must be signed by the personal representative.

66.3 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
66.4 dying in 2019 and thereafter.

66.5 Sec. 9. Minnesota Statutes 2018, section 290.01, subdivision 4a, is amended to read:

66.6 Subd. 4a. **Financial institution.** (a) "Financial institution" means:

66.7 (1) any corporation or other business entity registered (i) under state law as a bank  
66.8 holding company; (ii) under the federal Bank Holding Company Act of 1956, as amended;  
66.9 or (iii) as a savings and loan holding company under the federal National Housing Act, as  
66.10 amended;

66.11 (2) a national bank organized and existing as a national bank association pursuant to the  
66.12 provisions of United States Code, title 12, chapter 2;

66.13 (3) a savings association or federal savings bank as defined in United States Code, title  
66.14 12, section 1813(b)(1);

66.15 (4) any bank or thrift institution incorporated or organized under the laws of any state;

66.16 (5) any corporation organized under United States Code, title 12, sections 611 to 631;

66.17 (6) any agency or branch of a foreign depository as defined under United States Code,  
66.18 title 12, section 3101;

66.19 (7) any corporation or other business entity that is more than 50 percent owned, directly  
66.20 or indirectly, by any person or business entity described in clauses (1) to (6), other than an  
66.21 insurance company taxable under chapter 297I;

66.22 (8) a corporation or other business entity that derives more than 50 percent of its total  
66.23 gross income for financial accounting purposes from finance leases. For the purposes of  
66.24 this clause, "gross income" means the average from the current tax year and immediately  
66.25 preceding two years and excludes gross income from incidental or occasional transactions.  
66.26 For purposes of this clause, "finance lease" means any lease transaction that is the functional  
66.27 equivalent of an extension of credit and that transfers substantially all the benefits and risks  
66.28 incident to the ownership of property, including any direct financing lease or leverage lease  
66.29 that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting  
66.30 for leases, or any other lease that is accounted for as financing by a lessor under generally  
66.31 accepted accounting principles; or

67.1 (9) any other person or business entity, other than an insurance company ~~taxable under~~  
67.2 ~~chapter 297I~~, that derives more than 50 percent of its gross income from activities that an  
67.3 entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this  
67.4 clause, gross income does not include income from nonrecurring, extraordinary items.

67.5 (b) The commissioner is authorized to exclude any person from the application of  
67.6 paragraph (a), clause (9), if the person proves by clear and convincing evidence that the  
67.7 person's income-producing activity is not in substantial competition with any person described  
67.8 in paragraph (a), clauses (2) to (6) or (8).

67.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
67.10 after December 31, 2016.

67.11 Sec. 10. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
67.12 read:

67.13 Subd. 5c. **Disqualified captive insurance company.** (a) "Captive insurance company"  
67.14 means a company that:

67.15 (1) is licensed as a captive insurance company under the laws of any state or foreign  
67.16 country; or

67.17 (2) derives less than 50 percent of its total premiums for the taxable year from sources  
67.18 outside of the unitary business, as that term is used in section 290.17.

67.19 (b) A captive insurance company is a "disqualified captive insurance company" if the  
67.20 company:

67.21 (1) pays less than 0.5 percent of its total premiums for the taxable year in tax under  
67.22 chapter 297I or a comparable tax of another state; or

67.23 (2) receives less than 50 percent of its gross receipts for the taxable year from premiums.

67.24 (c) For purposes of this subdivision, "premiums" means amounts paid for arrangements  
67.25 that constitute insurance for federal income tax purposes, but excludes return premiums,  
67.26 premiums for reinsurance assumed from other insurance companies, and any other premiums  
67.27 that are or would be exempt from taxation under section 297I.05 as a result of their type or  
67.28 character, if the insurance was for business in Minnesota.

67.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
67.30 after December 31, 2016.

68.1 Sec. 11. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

68.2 Subd. 26. **Social Security benefits.** (a) A portion of taxable Social Security benefits is  
68.3 allowed as a subtraction. The subtraction equals the lesser of taxable Social Security benefits  
68.4 or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).

68.5 (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
68.6 subtraction equals ~~\$4,500~~ \$6,000. The maximum subtraction is reduced by 20 percent of  
68.7 provisional income over ~~\$77,000~~ \$74,000. In no case is the subtraction less than zero.

68.8 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~  
68.9 \$4,500. The maximum subtraction is reduced by 20 percent of provisional income over  
68.10 ~~\$60,200~~ \$58,700. In no case is the subtraction less than zero.

68.11 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~  
68.12 \$3,000. The maximum subtraction is reduced by 20 percent of provisional income over  
68.13 ~~\$38,500~~ \$37,000. In no case is the subtraction less than zero.

68.14 (e) For purposes of this subdivision, "provisional income" means modified adjusted  
68.15 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of  
68.16 the taxable Social Security benefits received during the taxable year, and "Social Security  
68.17 benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

68.18 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
68.19 paragraphs (b) to (d) ~~by the percentage determined pursuant to the provisions of section~~  
68.20 ~~1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue~~  
68.21 ~~Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner~~  
68.22 ~~shall then determine the percentage change from the 12 months ending on August 31, 2016,~~  
68.23 ~~to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12~~  
68.24 ~~months ending on August 31, 2016, to the 12 months ending on August 31 of the year~~  
68.25 ~~preceding the taxable year. The determination of the commissioner pursuant to this~~  
68.26 ~~subdivision must not be considered a rule and is not subject to the Administrative Procedure~~  
68.27 ~~Act contained in chapter 14, including section 14.386 as provided in section 270C.22. The~~  
68.28 statutory year is taxable year 2019. The maximum subtraction and threshold amounts as  
68.29 adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
68.30 is rounded up to the nearest \$10 amount.

68.31 **EFFECTIVE DATE.** (a) The amendments to paragraphs (b), (c), and (d) are effective  
68.32 for taxable years beginning after December 31, 2018.

69.1 (b) The amendments to paragraphs (a) and (e) are effective retroactively for taxable  
69.2 years beginning after December 31, 2017.

69.3 (c) The amendments to paragraph (f) are effective for adjustments beginning with taxable  
69.4 years beginning after December 31, 2019.

69.5 Sec. 12. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
69.6 to read:

69.7 Subd. 27. **Disallowed section 280E expenses; medical cannabis manufacturers.** The  
69.8 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
69.9 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
69.10 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
69.11 Code is a subtraction.

69.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
69.13 31, 2018.

69.14 Sec. 13. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
69.15 to read:

69.16 Subd. 17. **Disallowed section 280E expenses; medical cannabis manufacturers.** The  
69.17 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
69.18 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
69.19 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
69.20 Code is a subtraction.

69.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
69.22 31, 2018.

69.23 Sec. 14. Minnesota Statutes 2018, section 290.05, subdivision 1, is amended to read:

69.24 Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts,  
69.25 and organizations shall be exempted from taxation under this chapter, provided that every  
69.26 such person or corporation claiming exemption under this chapter, in whole or in part, must  
69.27 establish to the satisfaction of the commissioner the taxable status of any income or activity:

69.28 (a) corporations, individuals, estates, and trusts engaged in the business of mining or  
69.29 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the  
69.30 mining, production, or refining of which is subject to the occupation tax imposed by section  
69.31 298.01; but if any such corporation, individual, estate, or trust engages in any other business

70.1 or activity or has income from any property not used in such business it shall be subject to  
70.2 this tax computed on the net income from such property or such other business or activity.  
70.3 Royalty shall not be considered as income from the business of mining or producing iron  
70.4 ore within the meaning of this section;

70.5 (b) the United States of America, the state of Minnesota or any political subdivision of  
70.6 either agencies or instrumentalities, whether engaged in the discharge of governmental or  
70.7 proprietary functions; and

70.8 (c) any insurance company, ~~as defined in section 290.17, subdivision 4, paragraph (j),~~  
70.9 ~~but including any insurance company licensed and domiciled in another state that grants,~~  
70.10 ~~on a reciprocal basis, exemption from retaliatory taxes~~ other than a disqualified captive  
70.11 insurance company.

70.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
70.13 after December 31, 2016.

70.14 Sec. 15. **[290.055] ADDITIONAL TAX ON CAPITAL GAIN INCOME.**

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

70.17 (b) "Net capital gain" has the meaning given in section 1222 of the Internal Revenue  
70.18 Code.

70.19 (c) "Preferential rate income" means the lesser of:

70.20 (1) a taxpayer's adjusted net capital gain, as defined in section (1)(h)(3) of the Internal  
70.21 Revenue Code, but excluding a capital gain resulting from the sale of property classified  
70.22 as 2a property under section 273.13, subdivision 23; or

70.23 (2) the taxpayer's federal taxable income, as defined in section 63 of the Internal Revenue  
70.24 Code.

70.25 Subd. 2. **Tax imposed; capital gains.** In addition to the taxes imposed under sections  
70.26 290.06, subdivision 2c, and 290.091, an individual, trust, or estate is liable for a tax equal  
70.27 to three percent of preferential rate income in excess of \$500,000.

70.28 Subd. 3. **Nonresidents.** (a) For an individual who is not a resident for the entire taxable  
70.29 year, the tax under subdivision 2 is imposed in an amount equal to: (1) the amount calculated  
70.30 under subdivision 2 for the full year and for all preferential rate income; multiplied by (2)  
70.31 the Minnesota percentage determined under paragraph (b).

70.32 (b) "Minnesota percentage" equals:

71.1 (1) the sum of the following amounts for the taxable year:

71.2 (i) net capital gain from the sale of real property located in Minnesota and tangible  
71.3 personal property with a situs in Minnesota on the date of the sale; plus

71.4 (ii) adjusted net capital gain, other than gain included under item (i), received during a  
71.5 period when the taxpayer was domiciled in Minnesota; divided by

71.6 (2) the total amount of preferential rate income for the taxable year.

71.7 Subd. 4. Credits for taxes paid to another state. For purposes of computing the credit  
71.8 for taxes paid to another state under section 290.06, subdivision 22, if the net long-term  
71.9 capital gain qualified for an exclusion, deduction, or exemption, in whole or part, from  
71.10 taxation under the other state's tax, the tax under this section used to calculate the credit  
71.11 must be reduced by three percent of the dollar amount of the exclusion, deduction, or  
71.12 exemption amount that applies under the other state's tax.

71.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
71.14 31, 2018.

71.15 Sec. 16. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

71.16 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
71.17 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
71.18 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
71.19 their taxable net income the following schedule of rates:

71.20 (1) On the first ~~\$35,480~~ \$40,240, 5.35 percent;

71.21 (2) On all over ~~\$35,480~~ \$40,240, but not over ~~\$140,960~~ \$150,900, 7.05 percent;

71.22 (3) On all over ~~\$140,960~~ \$150,900, but not over ~~\$250,000~~ \$273,150, 7.85 percent;

71.23 (4) On all over ~~\$250,000~~ \$273,150, 9.85 percent.

71.24 Married individuals filing separate returns, estates, and trusts must compute their income  
71.25 tax by applying the above rates to their taxable income, except that the income brackets  
71.26 will be one-half of the above amounts after the adjustment required in subdivision 2d.

71.27 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
71.28 computed by applying to taxable net income the following schedule of rates:

71.29 (1) On the first ~~\$24,270~~ \$27,520, 5.35 percent;

71.30 (2) On all over ~~\$24,270~~ \$27,520, but not over ~~\$79,730~~ \$84,990, 7.05 percent;

72.1 (3) On all over ~~\$79,730~~ \$84,990, but not over ~~\$150,000~~ \$163,890, 7.85 percent;

72.2 (4) On all over ~~\$150,000~~ \$163,890, 9.85 percent.

72.3 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
72.4 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
72.5 computed by applying to taxable net income the following schedule of rates:

72.6 (1) On the first ~~\$29,880~~ \$33,880, 5.35 percent;

72.7 (2) On all over ~~\$29,880~~ \$33,880, but not over ~~\$120,070~~ \$128,580, 7.05 percent;

72.8 (3) On all over ~~\$120,070~~ \$128,580, but not over ~~\$200,000~~ \$218,520, 7.85 percent;

72.9 (4) On all over ~~\$200,000~~ \$218,520, 9.85 percent.

72.10 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
72.11 of any individual taxpayer whose taxable net income for the taxable year is less than an  
72.12 amount determined by the commissioner must be computed in accordance with tables  
72.13 prepared and issued by the commissioner of revenue based on income brackets of not more  
72.14 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
72.15 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
72.16 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

72.17 (e) An individual who is not a Minnesota resident for the entire year must compute the  
72.18 individual's Minnesota income tax as provided in this subdivision. After the application of  
72.19 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
72.20 by a fraction in which:

72.21 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
72.22 defined in section 62 of the Internal Revenue Code and increased by the additions required  
72.23 under section 290.0131, subdivisions 2 ~~and~~ 6, 8 to ~~11~~ 10, and 16, and reduced by the  
72.24 Minnesota assignable portion of the subtraction for United States government interest under  
72.25 section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions  
72.26 9, 10, 14, 15, 17, ~~and 18, and 27~~, after applying the allocation and assignability provisions  
72.27 of section 290.081, clause (a), or 290.17; and

72.28 (2) the denominator is the individual's federal adjusted gross income as defined in section  
72.29 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131,  
72.30 subdivisions 2 ~~and~~ 6 to ~~11~~ 8 to 10, and 16, and reduced by the amounts specified in section  
72.31 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and 18, and 27~~.



73.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 73.2 31, 2018.

73.3 Sec. 17. Minnesota Statutes 2018, section 290.0671, subdivision 1, is amended to read:

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

73.8 (1) a taxpayer with no qualifying children who has attained the age of 21, but not attained  
 73.9 age 65 before the close of the taxable year and is otherwise eligible for a credit under section  
 73.10 32 of the Internal Revenue Code may also receive a credit; and

73.11 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal  
 73.12 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted  
 73.13 gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

73.14 (b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.9 percent of the  
 73.15 first ~~\$6,180~~ \$7,150 of earned income. The credit is reduced by ~~2.01~~ 2.0 percent of earned  
 73.16 income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ the phase-out  
 73.17 threshold, but in no case is the credit less than zero.

73.18 (c) For individuals with one qualifying child, the credit equals ~~9.35~~ 9.5 percent of the  
 73.19 first ~~\$11,120~~ \$12,350 of earned income. The credit is reduced by ~~6.02~~ 6.0 percent of earned  
 73.20 income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ the phase-out  
 73.21 threshold, but in no case is the credit less than zero.

73.22 (d) For individuals with two ~~or more~~ qualifying children, the credit equals ~~11~~ 12 percent  
 73.23 of the first ~~\$18,240~~ \$18,450 of earned income. The credit is reduced by ~~10.82~~ 10.5 percent  
 73.24 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ the  
 73.25 phase-out threshold, but in no case is the credit less than zero.

73.26 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent  
 73.27 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income  
 73.28 or adjusted gross income, whichever is greater, in excess of the phase-out threshold, but in  
 73.29 no case is the credit less than zero.

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

74.1 ~~(f)~~ (g) For a person who was a resident for the entire tax year and has earned income  
74.2 not subject to tax under this chapter, including income excluded under section 290.0132,  
74.3 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross  
74.4 income reduced by the earned income not subject to tax under this chapter over federal  
74.5 adjusted gross income. For purposes of this paragraph, the following clauses are not  
74.6 considered "earned income not subject to tax under this chapter":

74.7 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

74.8 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

74.9 (3) income derived from an Indian reservation by an enrolled member of the reservation  
74.10 while living on the reservation.

74.11 ~~(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the~~  
74.12 ~~\$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation~~  
74.13 ~~under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns.~~  
74.14 ~~For tax years beginning after December 31, 2013, the commissioner shall annually adjust~~  
74.15 ~~the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the~~  
74.16 ~~Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted~~  
74.17 ~~for the word "1992." For 2014, the commissioner shall then determine the percent change~~  
74.18 ~~from the 12 months ending on August 31, 2008, to the 12 months ending on August 31,~~  
74.19 ~~2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the~~  
74.20 ~~12 months ending on August 31 of the year preceding the taxable year. The earned income~~  
74.21 ~~thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends~~  
74.22 ~~in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner~~  
74.23 ~~under this subdivision is not a rule under the Administrative Procedure Act.~~

74.24 (h) For the purposes of this section, the phase-out threshold equals:

74.25 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

74.26 (2) \$8,730 for all other taxpayers with no qualifying children;

74.27 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

74.28 (4) \$22,770 for all other taxpayers with one qualifying child;

74.29 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

74.30 (6) \$27,000 for all other taxpayers with two qualifying children;

74.31 (7) \$32,840 for married taxpayers filing joint returns with three or more qualifying  
74.32 children; and

75.1 (8) \$27,000 for all other taxpayers with three or more qualifying children.

75.2 (i) The commissioner shall construct tables showing the amount of the credit at various  
75.3 income levels and make them available to taxpayers. The tables shall follow the schedule  
75.4 contained in this subdivision, except that the commissioner may graduate the transition  
75.5 between income brackets.

75.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
75.7 31, 2018.

75.8 Sec. 18. Minnesota Statutes 2018, section 290.0677, subdivision 1a, is amended to read:

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

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

75.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
75.17 31, 2018.

75.18 Sec. 19. Minnesota Statutes 2018, section 290.0682, subdivision 1, is amended to read:

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

75.21 (b) "Adjusted gross income" means federal adjusted gross income as defined in section  
75.22 62 of the Internal Revenue Code.

75.23 (c) "Earned income" has the meaning given in ~~section 32(e) of the Internal Revenue~~  
75.24 ~~Code~~ section 290.0675, subdivision 1, paragraph (b).

75.25 (d) "Eligible individual" means a resident individual with one or more qualified education  
75.26 loans related to an undergraduate or graduate degree program at a postsecondary educational  
75.27 institution.

75.28 (e) "Eligible loan payments" means the amount the eligible individual paid during the  
75.29 taxable year in principal and interest on qualified education loans.

75.30 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary  
75.31 institution eligible for state student aid under section 136A.103 or, if the institution is not

76.1 located in this state, a public or nonprofit postsecondary institution participating in the  
76.2 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law  
76.3 89-329, as amended.

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

76.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
76.7 31, 2018.

76.8 Sec. 20. Minnesota Statutes 2018, section 290.0682, subdivision 2, is amended to read:

76.9 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax  
76.10 due under this chapter.

76.11 (b) The credit for an eligible individual equals the least of:

76.12 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income  
76.13 in excess of \$10,000, but in no case less than zero;

76.14 (2) the earned income for the taxable year of the eligible individual, if any;

76.15 (3) the sum of:

76.16 (i) the interest portion of eligible loan payments made during the taxable year; and

76.17 (ii) ten percent of the original loan amount of all qualified education loans of the eligible  
76.18 individual; or

76.19 (4) \$500.

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

76.22 (d) In the case of a married couple, each spouse is eligible for the credit in this section.  
76.23 For the purposes of paragraph (b), for married couples filing joint returns, each spouse's  
76.24 adjusted gross income equals the spouse's percentage share of the couple's earned income,  
76.25 multiplied by the couple's adjusted gross income.

76.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
76.27 31, 2018.

76.28 Sec. 21. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

76.29 Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a  
76.30 credit against the tax imposed by this chapter. The credit is not allowed to an individual

77.1 who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the  
77.2 Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

77.3 (b) The amount of the credit allowed equals 50 percent of contributions for the taxable  
77.4 year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no  
77.5 case is the credit less than zero.

77.6 (c) For individual filers, the maximum credit is reduced by two percent of adjusted gross  
77.7 income in excess of \$75,000.

77.8 (d) For married couples filing a joint return, the maximum credit is phased out as follows:

77.9 (1) for married couples with adjusted gross income in excess of \$75,000, but not more  
77.10 than ~~\$100,000~~ \$135,000, the maximum credit is reduced by one percent of adjusted gross  
77.11 income in excess of \$75,000 until the maximum credit amount equals \$250; and

77.12 ~~(2) for married couples with adjusted gross income in excess of \$100,000, but not more~~  
77.13 ~~than \$135,000, the maximum credit is \$250; and~~

77.14 ~~(3)~~ (2) for married couples with adjusted gross income in excess of \$135,000, the  
77.15 maximum credit is \$250, reduced by one percent of adjusted gross income in excess of  
77.16 \$135,000.

77.17 (e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum  
77.18 credit must be adjusted for inflation. The commissioner shall adjust the income thresholds  
77.19 by the percentage determined under the provisions of section 1(f) of the Internal Revenue  
77.20 Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992."  
77.21 For 2018, the commissioner shall then determine the percent change from the 12 months  
77.22 ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each  
77.23 subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending  
77.24 on August 31 of the year preceding the taxable year. The income thresholds as adjusted for  
77.25 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
77.26 is rounded up to the nearest \$10 amount. The determination of the commissioner under this  
77.27 subdivision is not subject to chapter 14, including section 14.386.

77.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
77.29 31, 2019.

77.30 Sec. 22. Minnesota Statutes 2018, section 290.0685, subdivision 1, is amended to read:

77.31 Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the  
77.32 tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth~~

78.1 ~~resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this  
78.2 section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child~~  
78.3 ~~would have been a dependent of the taxpayer as defined in section 152 of the Internal~~  
78.4 ~~Revenue Code.~~

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

78.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
78.8 after December 31, 2015.

78.9 Sec. 23. Minnesota Statutes 2018, section 290.0685, is amended by adding a subdivision  
78.10 to read:

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

78.13 (b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued  
78.14 under section 144.2151 or for a birth occurring in another state or country a similar certificate  
78.15 issued under that state's or country's law.

78.16 (c) "Eligible individual" means an individual who is:

78.17 (1)(i) a resident; or

78.18 (ii) the nonresident spouse of a resident who is a member of armed forces of the United  
78.19 States or the United Nations; and

78.20 (2) the individual who gave birth resulting in stillbirth and is listed as a parent on the  
78.21 certificate of birth.

78.22 (d) If no individual meets the requirements of paragraph (c), clause (2), for a stillbirth  
78.23 that occurs in this state, then "eligible individual" means:

78.24 (1) the first parent listed on the certificate of birth resulting in stillbirth; or

78.25 (2) the individual who gave birth resulting in stillbirth for a birth outside of this state  
78.26 for which no certificate of birth was issued.

78.27 (e) "Stillbirth" means a birth for which a fetal death report would be required under  
78.28 section 144.222, subdivision 1, if the birth occurred in this state.

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

79.1 Sec. 24. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

79.2 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income"  
79.3 is Minnesota net income as defined in section 290.01, subdivision 19, and includes the  
79.4 adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of  
79.5 the Internal Revenue Code. If a corporation files a separate company Minnesota tax return,  
79.6 the minimum tax must be computed on a separate company basis. If a corporation is part  
79.7 of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis.  
79.8 The following adjustments must be made.

79.9 (1) The portion of the depreciation deduction allowed for federal income tax purposes  
79.10 under section 168(k) of the Internal Revenue Code that is required as an addition under  
79.11 section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable  
79.12 income.

79.13 (2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is  
79.14 allowed as a depreciation deduction in determining alternative minimum taxable income.

79.15 (3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)  
79.16 of the Internal Revenue Code does not apply.

79.17 (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal  
79.18 Revenue Code does not apply.

79.19 (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code  
79.20 does not apply.

79.21 (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal  
79.22 Revenue Code does not apply.

79.23 (7) The tax preference for charitable contributions of appreciated property under section  
79.24 57(a)(6) of the Internal Revenue Code does not apply.

79.25 (8) For purposes of calculating the adjustment for adjusted current earnings in section  
79.26 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it  
79.27 is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable  
79.28 income as defined in this subdivision, determined without regard to the adjustment for  
79.29 adjusted current earnings in section 56(g) of the Internal Revenue Code.

79.30 (9) For purposes of determining the amount of adjusted current earnings under section  
79.31 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4)  
79.32 of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up  
79.33 subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of

80.1 income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision  
80.2 8.

80.3 (10) Alternative minimum taxable income excludes the income from operating in a job  
80.4 opportunity building zone as provided under section 469.317.

80.5 Items of tax preference must not be reduced below zero as a result of the modifications  
80.6 in this subdivision.

80.7 (11) The subtraction for disallowed section 280E expenses under section 290.0134,  
80.8 subdivision 17, is allowed as a deduction in determining alternative minimum taxable  
80.9 income.

80.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
80.11 31, 2018.

80.12 Sec. 25. Minnesota Statutes 2018, section 290.17, subdivision 4, is amended to read:

80.13 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within  
80.14 this state or partly within and partly without this state is part of a unitary business, the entire  
80.15 income of the unitary business is subject to apportionment pursuant to section 290.191.  
80.16 Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is  
80.17 considered to be derived from any particular source and none may be allocated to a particular  
80.18 place except as provided by the applicable apportionment formula. The provisions of this  
80.19 subdivision do not apply to business income subject to subdivision 5, income of an insurance  
80.20 company, or income of an investment company determined under section 290.36.

80.21 (b) The term "unitary business" means business activities or operations which result in  
80.22 a flow of value between them. The term may be applied within a single legal entity or  
80.23 between multiple entities and without regard to whether each entity is a sole proprietorship,  
80.24 a corporation, a partnership or a trust.

80.25 (c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced  
80.26 by centralized management or executive force, centralized purchasing, advertising,  
80.27 accounting, or other controlled interaction, but the absence of these centralized activities  
80.28 will not necessarily evidence a nonunitary business. Unity is also presumed when business  
80.29 activities or operations are of mutual benefit, dependent upon or contributory to one another,  
80.30 either individually or as a group.

80.31 (d) Where a business operation conducted in Minnesota is owned by a business entity  
80.32 that carries on business activity outside the state different in kind from that conducted within  
80.33 this state, and the other business is conducted entirely outside the state, it is presumed that



81.1 the two business operations are unitary in nature, interrelated, connected, and interdependent  
81.2 unless it can be shown to the contrary.

81.3 (e) Unity of ownership does not exist when two or more corporations are involved unless  
81.4 more than 50 percent of the voting stock of each corporation is directly or indirectly owned  
81.5 by a common owner or by common owners, either corporate or noncorporate, or by one or  
81.6 more of the member corporations of the group. For this purpose, the term "voting stock"  
81.7 shall include membership interests of mutual insurance holding companies formed under  
81.8 section 66A.40.

81.9 (f) The net income and apportionment factors under section 290.191 or 290.20 of foreign  
81.10 corporations and other foreign entities, but excluding a disqualified captive insurance  
81.11 company, which are part of a unitary business shall not be included in the net income or  
81.12 the apportionment factors of the unitary business; except that the income and apportionment  
81.13 factors of a foreign entity, other than an entity treated as a C corporation for federal income  
81.14 tax purposes, that are included in the federal taxable income, as defined in section 63 of the  
81.15 Internal Revenue Code as amended through the date named in section 290.01, subdivision  
81.16 19, of a domestic corporation, domestic entity, or individual must be included in determining  
81.17 net income and the factors to be used in the apportionment of net income pursuant to section  
81.18 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on  
81.19 a combined report and which is required to file a return under this chapter shall file on a  
81.20 separate return basis.

81.21 (g) For purposes of determining the net income of a unitary business and the factors to  
81.22 be used in the apportionment of net income pursuant to section 290.191 or 290.20, there  
81.23 must be included only the income and apportionment factors of domestic corporations or  
81.24 other domestic entities that are determined to be part of the unitary business pursuant to this  
81.25 subdivision, notwithstanding that foreign corporations or other foreign entities might be  
81.26 included in the unitary business; except that the income and apportionment factors of a  
81.27 foreign entity, other than an entity treated as a C corporation for federal income tax purposes,  
81.28 that is included in the federal taxable income, as defined in section 63 of the Internal Revenue  
81.29 Code as amended through the date named in section 290.01, subdivision 19, of a domestic  
81.30 corporation, domestic entity, or individual must be included in determining net income and  
81.31 the factors to be used in the apportionment of net income pursuant to section 290.191 or  
81.32 290.20.

81.33 (h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary  
81.34 business must file combined reports as the commissioner determines. On the reports, all  
81.35 intercompany transactions between entities included pursuant to paragraph (g) must be

82.1 eliminated and the entire net income of the unitary business determined in accordance with  
82.2 this subdivision is apportioned among the entities by using each entity's Minnesota factors  
82.3 for apportionment purposes in the numerators of the apportionment formula and the total  
82.4 factors for apportionment purposes of all entities included pursuant to paragraph (g) in the  
82.5 denominators of the apportionment formula. Except as otherwise provided by paragraph  
82.6 (f), all sales of the unitary business made within this state pursuant to section 290.191 or  
82.7 290.20 must be included on the combined report of a corporation or other entity that is a  
82.8 member of the unitary business and is subject to the jurisdiction of this state to impose tax  
82.9 under this chapter.

82.10 (i) If a corporation has been divested from a unitary business and is included in a  
82.11 combined report for a fractional part of the common accounting period of the combined  
82.12 report:

82.13 (1) its income includable in the combined report is its income incurred for that part of  
82.14 the year determined by proration or separate accounting; and

82.15 (2) its sales, property, and payroll included in the apportionment formula must be prorated  
82.16 or accounted for separately.

82.17 (j) For purposes of this subdivision, "insurance company" means an insurance company,  
82.18 as defined in section 290.01, subdivision 5b, that is:

82.19 ~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter~~  
82.20 ~~60A; or~~

82.21 ~~(2) domiciled and licensed to engage in the business of insurance in another state or~~  
82.22 ~~country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that~~  
82.23 ~~does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance~~  
82.24 ~~companies or their agents domiciled in Minnesota.~~

82.25 ~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance~~  
82.26 ~~companies organized in another state or country that result from the fact that an insurance~~  
82.27 ~~company organized in the taxing jurisdiction and doing business in the other jurisdiction is~~  
82.28 ~~subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that~~  
82.29 ~~imposed by the taxing jurisdiction upon an insurance company organized in the other state~~  
82.30 ~~or country and doing business to the same extent in the taxing jurisdiction not a disqualified~~  
82.31 ~~captive insurance company.~~

82.32 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
82.33 after December 31, 2016.

83.1 Sec. 26. Minnesota Statutes 2018, section 290.191, subdivision 5, is amended to read:

83.2 Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules  
83.3 apply in determining the sales factor.

83.4 (a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary  
83.5 course of the business, except that the following types of income are not included in the  
83.6 sales factor:

83.7 (1) interest;

83.8 (2) dividends;

83.9 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

83.10 (4) sales of property used in the trade or business, except sales of leased property of a  
83.11 type which is regularly sold as well as leased; and

83.12 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
83.13 Code or sales of stock.

83.14 (b) Sales of tangible personal property are made within this state if the property is  
83.15 received by a purchaser at a point within this state, regardless of the f.o.b. point, other  
83.16 conditions of the sale, or the ultimate destination of the property.

83.17 (c) Tangible personal property delivered to a common or contract carrier or foreign  
83.18 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
83.19 regardless of f.o.b. point or other conditions of the sale.

83.20 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented  
83.21 malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by  
83.22 a state or political subdivision to resell this property only within the state of ultimate  
83.23 destination, the sale is made in that state.

83.24 (e) Sales made by or through a corporation that is qualified as a domestic international  
83.25 sales corporation under section 992 of the Internal Revenue Code are not considered to have  
83.26 been made within this state.

83.27 (f) Sales, rents, royalties, and other income in connection with real property is attributed  
83.28 to the state in which the property is located.

83.29 (g) Receipts from the lease or rental of tangible personal property, including finance  
83.30 leases and true leases, must be attributed to this state if the property is located in this state  
83.31 and to other states if the property is not located in this state. Receipts from the lease or rental  
83.32 of moving property including, but not limited to, motor vehicles, rolling stock, aircraft,

84.1 vessels, or mobile equipment are included in the numerator of the receipts factor to the  
84.2 extent that the property is used in this state. The extent of the use of moving property is  
84.3 determined as follows:

84.4 (1) A motor vehicle is used wholly in the state in which it is registered.

84.5 (2) The extent that rolling stock is used in this state is determined by multiplying the  
84.6 receipts from the lease or rental of the rolling stock by a fraction, the numerator of which  
84.7 is the miles traveled within this state by the leased or rented rolling stock and the denominator  
84.8 of which is the total miles traveled by the leased or rented rolling stock.

84.9 (3) The extent that an aircraft is used in this state is determined by multiplying the  
84.10 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the  
84.11 number of landings of the aircraft in this state and the denominator of which is the total  
84.12 number of landings of the aircraft.

84.13 (4) The extent that a vessel, mobile equipment, or other mobile property is used in the  
84.14 state is determined by multiplying the receipts from the lease or rental of the property by a  
84.15 fraction, the numerator of which is the number of days during the taxable year the property  
84.16 was in this state and the denominator of which is the total days in the taxable year.

84.17 (h) Royalties and other income received for the use of or for the privilege of using  
84.18 intangible property, including patents, know-how, formulas, designs, processes, patterns,  
84.19 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or  
84.20 similar items, must be attributed to the state in which the property is used by the purchaser.  
84.21 If the property is used in more than one state, the royalties or other income must be  
84.22 apportioned to this state pro rata according to the portion of use in this state. If the portion  
84.23 of use in this state cannot be determined, the royalties or other income must be excluded  
84.24 from both the numerator and the denominator. Intangible property is used in this state if the  
84.25 purchaser uses the intangible property or the rights therein in the regular course of its business  
84.26 operations in this state, regardless of the location of the purchaser's customers.

84.27 (i) Sales of intangible property are made within the state in which the property is used  
84.28 by the purchaser. If the property is used in more than one state, the sales must be apportioned  
84.29 to this state pro rata according to the portion of use in this state. If the portion of use in this  
84.30 state cannot be determined, the sale must be excluded from both the numerator and the  
84.31 denominator of the sales factor. Intangible property is used in this state if the purchaser used  
84.32 the intangible property in the regular course of its business operations in this state.

84.33 (j) Receipts from the performance of services must be attributed to the state where the  
84.34 services are received. For the purposes of this section, receipts from the performance of

85.1 services provided to a corporation, partnership, or trust may only be attributed to a state  
85.2 where it has a fixed place of doing business. If the state where the services are received is  
85.3 not readily determinable or is a state where the corporation, partnership, or trust receiving  
85.4 the service does not have a fixed place of doing business, the services shall be deemed to  
85.5 be received at the location of the office of the customer from which the services were ordered  
85.6 in the regular course of the customer's trade or business. If the ordering office cannot be  
85.7 determined, the services shall be deemed to be received at the office of the customer to  
85.8 which the services are billed.

85.9 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from  
85.10 management, distribution, or administrative services performed by a person or corporation  
85.11 ~~or trust~~ for a fund of a person or corporation or trust regulated under United States Code,  
85.12 title 15, ~~sections 80a-1 through 80a-64~~ chapter 2D, subchapter I, must be attributed to the  
85.13 state where the shareholder of the fund resides. Under this paragraph, receipts for services  
85.14 attributed to shareholders are determined on the basis of the ratio of: (1) the average of the  
85.15 outstanding shares in the fund owned by shareholders residing within Minnesota at the  
85.16 beginning and end of each year; and (2) the average of the total number of outstanding  
85.17 shares in the fund at the beginning and end of each year. Residence of the shareholder, in  
85.18 the case of an individual, is determined by the mailing address furnished by the shareholder  
85.19 to the fund. Residence of the shareholder, when the shares are held by an insurance company  
85.20 as a depositor for the insurance company policyholders, is the mailing address of the  
85.21 policyholders. In the case of an insurance company holding the shares as a depositor for  
85.22 the insurance company policyholders, if the mailing address of the policyholders cannot be  
85.23 determined by the taxpayer, the receipts must be excluded from both the numerator and  
85.24 denominator. Residence of other shareholders is the mailing address of the shareholder.

85.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
85.26 31, 2018.

85.27 Sec. 27. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

85.28 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of  
85.29 dividends received by a corporation during the taxable year from another corporation, in  
85.30 which the recipient owns 20 percent or more of the stock, by vote and value, not including  
85.31 stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate  
85.32 stock with respect to which dividends are paid does not constitute the stock in trade of the  
85.33 taxpayer or would not be included in the inventory of the taxpayer, or does not constitute  
85.34 property held by the taxpayer primarily for sale to customers in the ordinary course of the

86.1 taxpayer's trade or business, or when the trade or business of the taxpayer does not consist  
86.2 principally of the holding of the stocks and the collection of the income and gains therefrom;  
86.3 and

86.4 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in  
86.5 an affiliated company transferred in an overall plan of reorganization and the dividend is  
86.6 eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended  
86.7 through December 31, 1989;

86.8 (ii) the remaining 20 percent of dividends if the dividends are received from a corporation  
86.9 which is subject to tax under section 290.36 and which is a member of an affiliated group  
86.10 of corporations as defined by the Internal Revenue Code and the dividend is eliminated in  
86.11 consolidation under Treasury Department Regulation 1.1502-14(a), as amended through  
86.12 December 31, 1989, or is deducted under an election under section 243(b) of the Internal  
86.13 Revenue Code; or

86.14 (iii) the remaining 20 percent of the dividends if the dividends are received from a  
86.15 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a  
86.16 member of an affiliated group of corporations as defined by the Internal Revenue Code and  
86.17 either: (A) the dividend is eliminated in consolidation under Treasury Regulation  
86.18 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted  
86.19 under an election under section 243(b) of the Internal Revenue Code.

86.20 (b) Seventy percent of dividends received by a corporation during the taxable year from  
86.21 another corporation in which the recipient owns less than 20 percent of the stock, by vote  
86.22 or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code  
86.23 when the corporate stock with respect to which dividends are paid does not constitute the  
86.24 stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily  
86.25 for sale to customers in the ordinary course of the taxpayer's trade or business, or when the  
86.26 trade or business of the taxpayer does not consist principally of the holding of the stocks  
86.27 and the collection of income and gain therefrom.

86.28 (c) The dividend deduction provided in this subdivision shall be allowed only with  
86.29 respect to dividends that are included in a corporation's Minnesota taxable net income for  
86.30 the taxable year.

86.31 The dividend deduction provided in this subdivision does not apply to a dividend from  
86.32 a corporation which, for the taxable year of the corporation in which the distribution is made  
86.33 or for the next preceding taxable year of the corporation, is a corporation exempt from tax  
86.34 under section 501 of the Internal Revenue Code.

87.1 The dividend deduction provided in this subdivision does not apply to a dividend received  
87.2 from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

87.3 The dividend deduction provided in this subdivision applies to the amount of regulated  
87.4 investment company dividends only to the extent determined under section 854(b) of the  
87.5 Internal Revenue Code.

87.6 The dividend deduction provided in this subdivision shall not be allowed with respect  
87.7 to any dividend for which a deduction is not allowed under the provisions of section 246(c)  
87.8 or 246A of the Internal Revenue Code.

87.9 (d) If dividends received by a corporation that does not have nexus with Minnesota under  
87.10 the provisions of Public Law 86-272 are included as income on the return of an affiliated  
87.11 corporation permitted or required to file a combined report under section 290.17, subdivision  
87.12 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to  
87.13 whether the trade or business of the corporation consists principally of the holding of stocks  
87.14 and the collection of income and gains therefrom shall be made with reference to the trade  
87.15 or business of the affiliated corporation having a nexus with Minnesota.

87.16 (e) The deduction provided by this subdivision does not apply if the dividends are paid  
87.17 by a FSC as defined in section 922 of the Internal Revenue Code.

87.18 (f) If one or more of the members of the unitary group whose income is included on the  
87.19 combined report received a dividend, the deduction under this subdivision for each member  
87.20 of the unitary business required to file a return under this chapter is the product of: (1) 100  
87.21 percent of the dividends received by members of the group; (2) the percentage allowed  
87.22 pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income  
87.23 apportionable to this state for the taxable year under section 290.191 or 290.20.

87.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
87.25 31, 2018.

87.26 Sec. 28. Minnesota Statutes 2018, section 291.016, subdivision 3, is amended to read:

87.27 Subd. 3. **Subtraction.** (a) ~~For estates of decedents dying after December 31, 2016,~~ A  
87.28 subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

87.29 (1) the exclusion amount for the year of death under paragraph (b); and

87.30 (2) the lesser of:

87.31 (i) the value of qualified small business property under section 291.03, subdivision 9,  
87.32 and the value of qualified farm property under section 291.03, subdivision 10; or

88.1 (ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).

88.2 (b) The following exclusion amounts apply for the year of death:

88.3 ~~(1) \$2,100,000 for decedents dying in 2017;~~

88.4 ~~(2) (1) \$2,400,000 for estates of decedents dying in 2018; and~~

88.5 ~~(3) \$2,700,000 for decedents dying in 2019; and~~

88.6 ~~(4) \$3,000,000 for decedents dying in 2020~~ (2) \$2,700,000 for estates of decedents dying

88.7 in 2019 and thereafter.

88.8 (c) The subtraction under this subdivision must not reduce the Minnesota taxable estate  
88.9 to less than zero.

88.10 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
88.11 dying in 2019 and thereafter.

88.12 Sec. 29. **APPLICATION OF SMALL BUSINESS INVESTMENT TAX CREDIT**  
88.13 **FOR TAXABLE YEAR 2019.**

88.14 Applications for (1) certification as a qualified small business, qualified investor, or  
88.15 qualified fund under Minnesota Statutes, section 116J.8737, subdivisions 2, 3, and 4, and  
88.16 (2) the credit under Minnesota Statutes, section 116J.8737, subdivision 5, for taxable year  
88.17 2019 must be made available on the Department of Employment and Economic  
88.18 Development's website by September 1, 2019. The provisions of Minnesota Statutes, section  
88.19 116J.8737, generally apply to the taxable year 2019 extension of the credit in sections 1 to  
88.20 7.

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

## 88.22 **ARTICLE 3**

### 88.23 **SALES AND USE TAXES**

88.24 Section 1. Minnesota Statutes 2018, section 38.27, is amended by adding a subdivision  
88.25 to read:

88.26 Subd. 4. **Use of a portion of county fair revenues.** A county agricultural society must  
88.27 annually determine the amount of sales tax savings attributable to section 297A.70,  
88.28 subdivision 21. If the county agricultural society owns its own fairgrounds, it must use the  
88.29 amount equal to the sales tax savings to maintain, improve, or expand society owned  
88.30 buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the  
88.31 owner of the fairgrounds. An owner that receives a transfer of money under this subdivision



89.1 must use the transferred amount to maintain, improve, and expand entity owned buildings  
89.2 and facilities on the county fairgrounds.

89.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

89.4 Sec. 2. Minnesota Statutes 2018, section 289A.11, is amended by adding a subdivision to  
89.5 read:

89.6 **Subd. 4. Marketplace provider information report.** (a) A marketplace provider required  
89.7 to collect and remit sales and use taxes under section 297A.66 shall file an information  
89.8 report for each calendar quarter containing the information regarding the sales it facilitates  
89.9 for each retailer as required by this section. The report is due on the 30th day following the  
89.10 last day of the most recently completed calendar quarter. The commissioner shall prescribe  
89.11 the content, format, and manner of the information report pursuant to section 270C.03. The  
89.12 report must include each retailer's:

89.13 (1) name, address, and federal employer identification number (FEIN);

89.14 (2) total gross receipts for the period;

89.15 (3) total taxable sales for the period;

89.16 (4) total state sales tax collected and remitted for the period; and

89.17 (5) itemized total of each local sales tax collected and remitted for the period.

89.18 (b) No payment of tax is required to be remitted with the quarterly information report.

89.19 A marketplace provider that fails to file this information report is subject to the penalty  
89.20 imposed under section 289A.60, subdivision 29.

89.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
89.22 30, 2019.

89.23 Sec. 3. Minnesota Statutes 2018, section 289A.60, subdivision 29, is amended to read:

89.24 **Subd. 29. Penalty for failure to file report liquor sales.** In the case of a failure to file  
89.25 an informational report required by section 289A.11, subdivision 4, or 297A.8155, with the  
89.26 commissioner on or before the date dates prescribed, the person failing to file the report  
89.27 shall pay a penalty of \$500 for each failure. If a failure to file a report is intentional, the  
89.28 penalty shall be \$1,000 for each failure.

89.29 **EFFECTIVE DATE.** This section is effective for reports first due for sales and purchases  
89.30 made after June 30, 2019.

90.1 Sec. 4. Minnesota Statutes 2018, section 297A.66, subdivision 1, is amended to read:

90.2 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution  
90.3 and the laws of the United States, the terms "retailer maintaining a place of business in this  
90.4 state," and "marketplace provider maintaining a place of business in this state," or a similar  
90.5 ~~term, means~~ terms mean a retailer or marketplace provider:

90.6 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an  
90.7 office, place of distribution, sales, storage, or sample room or place, warehouse, or other  
90.8 place of business, including the employment of a resident of this state who works from a  
90.9 home office in this state; or

90.10 (2) having a representative, including, but not limited to, an affiliate, agent, salesperson,  
90.11 canvasser, ~~marketplace provider~~, solicitor, or other third party operating in this state under  
90.12 the authority of the retailer or marketplace provider, or its subsidiary, for any purpose,  
90.13 including the repairing, selling, delivering, installing, facilitating sales, processing sales, or  
90.14 soliciting of orders for the retailer's or a retailer's goods or services, or the leasing of tangible  
90.15 personal property located in this state, whether the place of business or agent, representative,  
90.16 affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily,  
90.17 or whether or not the retailer or marketplace provider, subsidiary, or affiliate is authorized  
90.18 to do business in this state. ~~A retailer is represented by a marketplace provider in this state~~  
90.19 ~~if the retailer makes sales in this state facilitated by a marketplace provider that maintains~~  
90.20 ~~a place of business in this state.~~

90.21 ~~(b) "Destination of a sale" means the location to which the retailer makes delivery of~~  
90.22 ~~the property sold, or causes the property to be delivered, to the purchaser of the property,~~  
90.23 ~~or to the agent or designee of the purchaser. The delivery may be made by any means,~~  
90.24 ~~including the United States Postal Service or a for-hire carrier.~~

90.25 ~~(e)~~ (b) To the extent allowed by the United States Constitution and the laws of the United  
90.26 States, the terms "retailer not maintaining a place of business in this state," and "marketplace  
90.27 provider not maintaining a place of business in this state," or similar terms mean a retailer  
90.28 or marketplace provider making or facilitating retail sales from outside this state to a  
90.29 destination within this state and not maintaining a place of business in this state as provided  
90.30 in paragraph (a) that engages in the regular or systematic soliciting of sales from potential  
90.31 customers in this state by:

90.32 (1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other  
90.33 written solicitations of business to customers in this state;

90.34 (2) advertisements on billboards or other outdoor advertising in this state;

91.1 (3) advertisements in newspapers published in this state;

91.2 (4) advertisements in trade journals or other periodicals the circulation of which is  
91.3 primarily within this state;

91.4 (5) advertisements in a Minnesota edition of a national or regional publication or a  
91.5 limited regional edition in which this state is included as part of a broader regional or national  
91.6 publication that are not placed in other geographically defined editions of the same issue  
91.7 of the same publication;

91.8 (6) advertisements in regional or national publications in an edition that is not by its  
91.9 contents geographically targeted to Minnesota but is sold over the counter in Minnesota or  
91.10 by subscription to Minnesota residents;

91.11 (7) advertisements broadcast on a radio or television station located in Minnesota; or

91.12 (8) any other solicitation by telephone, computer database, cable, optic, microwave, or  
91.13 any other communication system, including but not limited to a website accessible from  
91.14 within Minnesota.

91.15 The location of independent vendors that provide products or services to a retailer or  
91.16 marketplace provider in connection with a retailer or marketplace provider's solicitation of  
91.17 customers within this state, including such products and services as creation of copy, printing,  
91.18 distribution, and recording is not considered in determining whether the retailer or  
91.19 marketplace provider is required to collect tax. Paragraph (b) must be construed without  
91.20 regard to the state from which distribution of the materials originated or in which they were  
91.21 prepared.

91.22 (c) "Regular or systematic soliciting of sales from potential customers in this state"  
91.23 means the retailer not maintaining a place of business in this state or marketplace provider  
91.24 not maintaining a place of business in this state is engaged in any of the solicitations listed  
91.25 in paragraph (b), and:

91.26 (1) makes or facilitates 200 or more retail sales from outside this state to destinations in  
91.27 this state during the prior 12-month period; or

91.28 (2) makes or facilitates retail sales totaling more than \$100,000 from outside this state  
91.29 to destinations in this state during the prior 12-month period.

91.30 (d) "Marketplace provider" means any person who facilitates a retail sale by a retailer  
91.31 by:

92.1 (1) listing or advertising for sale by the retailer in any forum, tangible personal property,  
92.2 services, or digital goods that are subject to tax under this chapter; and

92.3 (2) either directly or indirectly through agreements or arrangements with third parties  
92.4 collecting payment from the customer and transmitting that payment to the retailer regardless  
92.5 of whether the marketplace provider receives compensation or other consideration in  
92.6 exchange for its services.

92.7 ~~(d) "Total taxable retail sales" means the gross receipts from the sale of all tangible~~  
92.8 ~~goods, services, and digital goods subject to sales and use tax under this chapter.~~

92.9 (e) "Destination of a sale" means the location to which the retailer makes delivery of  
92.10 the property sold, or causes the property to be delivered, to the purchaser of the property,  
92.11 or to the agent or designee of the purchaser. The delivery may be made by any means,  
92.12 including the United States Postal Service or a for-hire carrier.

92.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
92.14 September 30, 2019.

92.15 Sec. 5. Minnesota Statutes 2018, section 297A.66, subdivision 2, is amended to read:

92.16 Subd. 2. ~~Retailer maintaining place of business in this state~~ Collection and remittance  
92.17 requirements for retailers and marketplace providers. (a) Except as provided in paragraph  
92.18 ~~(b)~~ (d), a retailer maintaining a place of business in this state and a retailer not maintaining  
92.19 a place of business in this state who makes retail sales in Minnesota or to a destination in  
92.20 Minnesota shall collect sales and use taxes and remit them to the commissioner under section  
92.21 297A.77 for all retail sales other than those facilitated by a marketplace provider maintaining  
92.22 a place of business in this state or a marketplace provider not maintaining a place of business  
92.23 in this state that is required to collect and remit sales and use taxes under paragraph (b).

92.24 ~~(b) A retailer with total taxable retail sales to customers in this state of less than \$10,000~~  
92.25 ~~in the 12-month period ending on the last day of the most recently completed calendar~~  
92.26 ~~quarter is not required to collect and remit sales tax if it is determined to be a retailer~~  
92.27 ~~maintaining a place of business in the state solely because it made sales through one or more~~  
92.28 ~~marketplace providers. The provisions of this paragraph do not apply to a retailer that is or~~  
92.29 ~~was registered to collect sales and use tax in this state.~~ Except as provided in paragraph (d),  
92.30 a marketplace provider maintaining a place of business in this state and a marketplace  
92.31 provider not maintaining a place of business in this state who facilitates retail sales in  
92.32 Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them  
92.33 to the commissioner under section 297A.77 unless:

93.1 (1) the retailer provides a copy of the retailer's registration to collect sales and use taxes  
93.2 in this state to the marketplace provider; and

93.3 (2) the marketplace provider and retailer agree that the retailer will collect and remit the  
93.4 sales and use taxes on marketplace sales facilitated by the marketplace provider.

93.5 (c) Nothing in paragraph (b) shall be construed to interfere with the ability of a  
93.6 marketplace provider and a retailer to enter into an agreement regarding fulfillment of the  
93.7 requirements of this chapter.

93.8 (d) A retailer not maintaining a place of business in this state and a marketplace provider  
93.9 not maintaining a place of business in this state shall:

93.10 (1) begin collecting and remitting sales and use taxes to the commissioner on the first  
93.11 day of a calendar month occurring no later than 60 days after the retailer or marketplace  
93.12 provider engages in regular or systematic soliciting of sales from potential customers in this  
93.13 state; and

93.14 (2) continue to collect and remit sales and use taxes to the commissioner until at least  
93.15 the last day of the 12th calendar month following the calendar month in which the retailer  
93.16 or marketplace provider began collecting and remitting sales and use taxes under clause  
93.17 (1).

93.18 (e) A retailer not maintaining a place of business in this state and a marketplace provider  
93.19 not maintaining a place of business in this state may cease collecting and remitting sales  
93.20 and use taxes to the commissioner after the period in paragraph (d), clause (2), if the retailer  
93.21 or marketplace provider no longer engages in regular or systematic soliciting of sales from  
93.22 potential customers in this state.

93.23 (f) A retailer or marketplace provider may cease collecting and remitting sales and use  
93.24 taxes under paragraph (e) only after notifying the commissioner that the retailer or  
93.25 marketplace provider is no longer engaged in the regular or systematic soliciting of sales  
93.26 from potential customers in this state. The commissioner shall prescribe the content, format,  
93.27 and manner of the notification pursuant to section 270C.30. If a retailer or marketplace  
93.28 provider subsequently engages in regular or systematic soliciting of sales from potential  
93.29 customers in this state, the retailer shall again comply with the requirements of paragraph  
93.30 (d).

93.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
93.32 September 30, 2019.

94.1 Sec. 6. Minnesota Statutes 2018, section 297A.66, subdivision 3, is amended to read:

94.2 Subd. 3. ~~Retailer not maintaining place of business in this state~~ Marketplace provider  
94.3 liability. ~~(a) To the extent allowed by the United States Constitution and in accordance with~~  
94.4 ~~the terms and conditions of federal remote seller law, a retailer making retail sales from~~  
94.5 ~~outside this state to a destination within this state and not maintaining a place of business~~  
94.6 ~~in this state shall collect sales and use taxes and remit them to the commissioner under~~  
94.7 ~~section 297A.77.~~

94.8 ~~(b) To the extent allowed by the United States Constitution and the laws of the United~~  
94.9 ~~States, a retailer making retail sales from outside this state to a destination within this state~~  
94.10 ~~and not maintaining a place of business in this state shall collect sales and use taxes and~~  
94.11 ~~remit them to the commissioner under section 297A.77, if the retailer engages in the regular~~  
94.12 ~~or systematic soliciting of sales from potential customers in this state by:~~

94.13 ~~(1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other~~  
94.14 ~~written solicitations of business to customers in this state;~~

94.15 ~~(2) display of advertisements on billboards or other outdoor advertising in this state;~~

94.16 ~~(3) advertisements in newspapers published in this state;~~

94.17 ~~(4) advertisements in trade journals or other periodicals the circulation of which is~~  
94.18 ~~primarily within this state;~~

94.19 ~~(5) advertisements in a Minnesota edition of a national or regional publication or a~~  
94.20 ~~limited regional edition in which this state is included as part of a broader regional or national~~  
94.21 ~~publication which are not placed in other geographically defined editions of the same issue~~  
94.22 ~~of the same publication;~~

94.23 ~~(6) advertisements in regional or national publications in an edition which is not by its~~  
94.24 ~~contents geographically targeted to Minnesota but which is sold over the counter in Minnesota~~  
94.25 ~~or by subscription to Minnesota residents;~~

94.26 ~~(7) advertisements broadcast on a radio or television station located in Minnesota; or~~

94.27 ~~(8) any other solicitation by telegraphy, telephone, computer database, cable, optic,~~  
94.28 ~~microwave, or other communication system.~~

94.29 ~~This paragraph must be construed without regard to the state from which distribution~~  
94.30 ~~of the materials originated or in which they were prepared.~~

94.31 ~~(c) The location within or without this state of independent vendors that provide products~~  
94.32 ~~or services to the retailer in connection with its solicitation of customers within this state,~~

95.1 ~~including such products and services as creation of copy, printing, distribution, and recording,~~  
 95.2 ~~is not considered in determining whether the retailer is required to collect tax.~~

95.3 ~~(d) A retailer not maintaining a place of business in this state is presumed, subject to~~  
 95.4 ~~rebuttal, to be engaged in regular solicitation within this state if it engages in any of the~~  
 95.5 ~~activities in paragraph (b) and:~~

95.6 ~~(1) makes 100 or more retail sales from outside this state to destinations in this state~~  
 95.7 ~~during a period of 12 consecutive months; or~~

95.8 ~~(2) makes ten or more retail sales totaling more than \$100,000 from outside this state~~  
 95.9 ~~to destinations in this state during a period of 12 consecutive months.~~

95.10 (a) A marketplace provider is subject to audit on the retail sales it facilitates if it is  
 95.11 required to collect sales and use taxes and remit them to the commissioner under subdivision  
 95.12 2, paragraphs (b) and (c).

95.13 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and  
 95.14 use taxes to the commissioner if the marketplace provider demonstrates that the error was  
 95.15 due to incorrect or insufficient information given to the marketplace provider by the retailer.  
 95.16 This paragraph does not apply if the marketplace provider and the marketplace retailer are  
 95.17 related as defined in subdivision 4, paragraph (b).

95.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 95.19 September 30, 2019.

95.20 Sec. 7. Minnesota Statutes 2018, section 297A.67, is amended by adding a subdivision to  
 95.21 read:

95.22 Subd. 37. **Certain herbicides.** (a) Purchases of herbicides authorized for use pursuant  
 95.23 to an invasive aquatic plant management permit as defined under section 103G.615 are  
 95.24 exempt if purchased by:

95.25 (1) a lakeshore property owner;

95.26 (2) an association of lakeshore property owners organized under chapter 317A; or

95.27 (3) a contractor hired by a lakeshore owner or association to provide invasive aquatic  
 95.28 plant management under the permit.

95.29 (b) For purposes of this subdivision, "herbicides" means a substance or mixture of  
 95.30 substances intended for use as a plant regulator, defoliant, or desiccant that are:

95.31 (1) labeled for use in water;

96.1 (2) registered for use in this state by the Department of Agriculture under section 18B.26;  
96.2 and

96.3 (3) listed as one of the herbicides proposed for use on the invasive aquatic plant  
96.4 management permit.

96.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
96.6 30, 2019.

96.7 Sec. 8. Minnesota Statutes 2018, section 297A.68, subdivision 29, is amended to read:

96.8 Subd. 29. **Prizes.** (a) Tangible personal property that will be given as prizes to players  
96.9 in games of skill or chance is exempt if:

96.10 (1) the games are conducted at events such as community festivals, fairs, and carnivals  
96.11 and if the events last less than six days; or

96.12 (2) the property is awarded as prizes in connection with lawful gambling as defined in  
96.13 section 349.12.

96.14 (b) This exemption does not apply to property awarded as prizes in connection with  
96.15 lawful gambling as defined in section 349.12 or the State Lottery.

96.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
96.17 30, 2019.

96.18 Sec. 9. Minnesota Statutes 2018, section 297A.68, is amended by adding a subdivision to  
96.19 read:

96.20 Subd. 30a. **Films.** (a) Tangible personal property primarily used or consumed in the  
96.21 preproduction, production, or postproduction of a film is exempt. Any such film, regardless  
96.22 of the medium in which it is transferred, is exempt. "Preproduction" and "production" include  
96.23 but are not limited to all activities related to the preparation for shooting and the shooting  
96.24 of the film, including film processing. For purposes of this subdivision, "film" has the  
96.25 meaning given in section 116U.26 except that it excludes television commercials. Equipment  
96.26 rented for preproduction and production activities is exempt. "Postproduction" includes but  
96.27 is not limited to all activities related to the finishing and duplication of a film. This exemption  
96.28 does not apply to tangible personal property used primarily in administration, general  
96.29 management, or marketing. Machinery and equipment purchased for use in producing such  
96.30 films and fuel, electricity, gas, or steam used for space heating or lighting are not exempt  
96.31 under this subdivision.



97.1 (b) The exemption under this subdivision is effective for sales and purchases made after  
97.2 June 30, 2019, and before June 30, 2021.

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

97.4 Sec. 10. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

97.5 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology  
97.6 equipment and computer software are exempt from tax as follows:

97.7 (1) purchases of enterprise information technology equipment and computer software,  
97.8 and replacements or upgrades to the equipment, for use in a qualified data center, or a  
97.9 qualified refurbished data center, are exempt;

97.10 (2) purchases of prewritten computer software, and replacements or upgrades to the  
97.11 software, for use by or in a qualified data center or a qualified refurbished data center are  
97.12 exempt as follows:

97.13 (i) for purchases prior to July 1, 2019, software that is loaded at the data center and either  
97.14 operates, maintains, or monitors the enterprise information technology equipment exempt  
97.15 under clause (1), or manages, manipulates, analyzes, collects, stores, processes, distributes,  
97.16 or allows access to large amounts of data, or any other similar functions related to the data,  
97.17 at the qualified data center or qualified refurbished data center, is exempt. This exemption  
97.18 does not apply to software that is distributed to users outside of the facility;

97.19 (ii) for purchases after June 30, 2019, all software that is loaded at the data center is  
97.20 exempt, including software that is distributed to users outside of the facility, but the refund  
97.21 provided in clause (3) is limited to 50 percent of the tax paid on the software; and

97.22 (iii) purchases of software exempt under this clause include licenses to use the software  
97.23 and maintenance agreements for the software, except that computer software maintenance  
97.24 agreements are exempt for purchases made after June 30, 2013; and

97.25 (3) the tax on purchases exempt under this paragraph must be imposed and collected as  
97.26 if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30,  
97.27 2013, in the manner provided under clause (2), item (ii), and in section 297A.75. This  
97.28 exemption includes enterprise information technology equipment and computer software  
97.29 purchased to replace or upgrade enterprise information technology equipment and computer  
97.30 software in a qualified data center, or a qualified refurbished data center.

97.31 (b) Electricity used or consumed in the operation of a qualified data center or qualified  
97.32 refurbished data center is exempt.

98.1 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

98.2 (1) that is comprised of one or more buildings that consist in the aggregate of at least  
98.3 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where  
98.4 the total cost of construction or refurbishment, investment in enterprise information  
98.5 technology equipment, and computer software is at least \$30,000,000 within a 48-month  
98.6 period. The 48-month period begins no sooner than July 1, 2012, except that costs for  
98.7 computer software maintenance agreements purchased before July 1, 2013, are not included  
98.8 in determining if the \$30,000,000 threshold has been met;

98.9 (2) that is constructed or substantially refurbished after June 30, 2012, where  
98.10 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or  
98.11 modified, including:

98.12 (i) installation of enterprise information technology equipment; environmental control,  
98.13 computer software, and energy efficiency improvements; and

98.14 (ii) building improvements; and

98.15 (3) that is used to house enterprise information technology equipment, where the facility  
98.16 has the following characteristics:

98.17 (i) uninterruptible power supplies, generator backup power, or both;

98.18 (ii) sophisticated fire suppression and prevention systems; and

98.19 (iii) enhanced security. A facility will be considered to have enhanced security if it has  
98.20 restricted access to the facility to selected personnel; permanent security guards; video  
98.21 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,  
98.22 such as hand scans and retinal or fingerprint recognition; or similar security features.

98.23 In determining whether the facility has the required square footage, the square footage  
98.24 of the following spaces shall be included if the spaces support the operation of enterprise  
98.25 information technology equipment: office space, meeting space, and mechanical and other  
98.26 support facilities. For purposes of meeting investment and square footage criteria in this  
98.27 subdivision paragraph, "computer software" ~~includes, but is not limited to, software utilized~~  
98.28 ~~or loaded at a qualified data center or qualified refurbished data center, including~~  
98.29 ~~maintenance, licensing,~~ means both software that is exempt under paragraph (a), clause (2),  
98.30 and software customization.

98.31 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
98.32 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
98.33 that is comprised of one or more buildings that consist in the aggregate of at least 25,000

99.1 square feet, and that are located on a single parcel or contiguous parcels, where the total  
99.2 cost of construction or refurbishment, investment in enterprise information technology  
99.3 equipment, and computer software is at least \$50,000,000 within a 24-month period.

99.4 (e) For purposes of this subdivision, "enterprise information technology equipment"  
99.5 means computers and equipment supporting computing, networking, or data storage,  
99.6 including servers and routers. It includes, but is not limited to: cooling systems, cooling  
99.7 towers, and other temperature control infrastructure; power infrastructure for transformation,  
99.8 distribution, or management of electricity used for the maintenance and operation of a  
99.9 qualified data center or qualified refurbished data center, including but not limited to exterior  
99.10 dedicated business-owned substations, backup power generation systems, battery systems,  
99.11 and related infrastructure; and racking systems, cabling, and trays, which are necessary for  
99.12 the maintenance and operation of the qualified data center or qualified refurbished data  
99.13 center.

99.14 (f) A qualified data center or qualified refurbished data center may claim the following:

99.15 (1) the exemptions in this subdivision provided under paragraphs (a), clause (1), and  
99.16 (b), for purchases made either within 20 years of the date of its first purchase qualifying for  
99.17 the exemption exemptions under paragraph (a), or by June 30, 2042, whichever is earlier;

99.18 (2) where the first purchase qualifying for the exemptions under paragraph (a) was made  
99.19 between July 1, 2012, and June 30, 2014, the exemption provided under paragraph (a),  
99.20 clause (2), item (i), for those purchases of software made within a period starting on the  
99.21 date of the first purchase qualifying for the exemption under paragraph (a) and ending with  
99.22 the last purchase made prior to July 1, 2019;

99.23 (3) where the first purchase qualifying for the exemptions under paragraph (a) was made  
99.24 after June 30, 2019, the exemption provided under paragraph (a), clause (2), item (ii), for  
99.25 purchases of software made within five years of the date of its first purchase qualifying for  
99.26 the exemption under paragraph (a), or by June 30, 2042, whichever is earlier;

99.27 (4) where the first purchase qualifying for the exemptions under paragraph (a) was made  
99.28 between July 1, 2014, and June 30, 2019, the exemption provided under paragraph (a),  
99.29 clause (2), item (i), for purchases of software made prior to July 1, 2019, and the exemption  
99.30 provided under paragraph (a), clause (2), item (ii), for purchases of software made after  
99.31 June 30, 2019, for purchases made within five years of the first purchase qualifying for the  
99.32 exemptions under paragraph (a); and

99.33 (5) notwithstanding clauses (2) to (4), and paragraph (a), clause (2), a qualified data  
99.34 center or qualified refurbished data center may claim the exemption for purchases of software

100.1 under paragraph (a), clause (2), during only one exemption period, as described in either  
100.2 clause (2), (3), or (4), per data center location. If the commissioner of employment and  
100.3 economic development subsequently certifies the data center as newly meeting the  
100.4 requirements under paragraph (c) or (d) at the same data center location, a data center that  
100.5 previously qualified for the exemption on purchases of software under paragraph (a), clause  
100.6 (2), as either a qualified data center or a qualified refurbished data center for the relevant  
100.7 period described in clause (2), (3), or (4), is not eligible for the exemption on purchases of  
100.8 software under the subsequent certification.

100.9 (g) The purpose of this exemption is to create jobs in the construction and data center  
100.10 industries.

100.11 (h) This subdivision is effective for sales and purchases made before July 1, 2042, as  
100.12 limited by paragraph (f).

100.13 (i) The commissioner of employment and economic development must certify to the  
100.14 commissioner of revenue, in a format approved by the commissioner of revenue, when a  
100.15 qualified data center has met the requirements under paragraph (c) or a qualified refurbished  
100.16 data center has met the requirements under paragraph (d). The certification must provide  
100.17 the following information regarding each qualified data center or qualified refurbished data  
100.18 center:

100.19 (1) the total square footage amount;

100.20 (2) the total amount of construction or refurbishment costs and the total amount of  
100.21 qualifying investments in enterprise information technology equipment and computer  
100.22 software; and

100.23 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)  
100.24 in which the qualifying expenditures and purchases under clause (2) were made, but in no  
100.25 case shall the period begin before July 1, 2012;

100.26 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must  
100.27 not be issued unless the commissioner of revenue has received the certification required  
100.28 under paragraph (i) either from the commissioner of employment and economic development  
100.29 or the qualified data center or qualified refurbished data center claiming the refund; and

100.30 (k) The commissioner of employment and economic development must annually notify  
100.31 the commissioner of revenue of the qualified data centers that are projected to meet the  
100.32 requirements under paragraph (c) and the qualified refurbished data centers that are projected  
100.33 to meet the requirements under paragraph (d) in each of the next four years. The notification

101.1 must provide the information required under paragraph (i), clauses (1) to (3), for each  
101.2 qualified data center or qualified refurbished data center.

101.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
101.4 30, 2019; except that paragraph (a), clause (2), item (i), and those portions of paragraph (f)  
101.5 relating to the exemption provided under paragraph (a), clause (2), item (i), are effective  
101.6 retroactively to the first purchase qualifying for the exemptions under paragraph (a) made  
101.7 after June 30, 2012, for sales and purchases of software made prior to July 1, 2019.

101.8 Sec. 11. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
101.9 to read:

101.10 Subd. 3a. **Certain purchases from state fire safety account.** Purchases made by the  
101.11 commissioner of public safety under section 299F.012, subdivision 1, with revenues from  
101.12 the fire safety account established in section 297I.06, subdivision 3, are exempt if the items  
101.13 purchased ultimately will be provided to an organized fire department, fire protection district,  
101.14 fire-related regional response team, or fire company regularly charged with the responsibility  
101.15 of providing fire protection services to the state, a substate region, or a political subdivision.

101.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
101.17 30, 2019.

101.18 Sec. 12. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
101.19 to read:

101.20 Subd. 3b. **Purchases by volunteer fire departments.** Sales to and purchases by a  
101.21 volunteer fire department are exempt if: (1) the good or service would be exempt when  
101.22 purchased by a local government under subdivision 2; and (2) the volunteer fire department  
101.23 is an independent nonprofit association that is exempt from federal income tax under section  
101.24 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

101.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
101.26 30, 2019.

101.27 Sec. 13. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
101.28 to read:

101.29 Subd. 6a. **Ambulance supplies.** All accessories, equipment, and supplies purchased by  
101.30 an ambulance service licensed under chapter 144E, or a medical response unit or specialized  
101.31 medical response unit registered under chapter 144E, and used directly in equipping and  
101.32 supplying or resupplying an ambulance or first responder vehicle are exempt.

102.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
102.2 30, 2019.

102.3 Sec. 14. Minnesota Statutes 2018, section 297A.70, subdivision 10, is amended to read:

102.4 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are  
102.5 exempt if all the gross receipts are recorded as such, in accordance with generally accepted  
102.6 accounting principles, on the books of one or more organizations whose primary mission  
102.7 is to provide an opportunity for citizens of the state to participate in the creation, performance,  
102.8 or appreciation of the arts, and provided that each organization is:

102.9 (1) an organization described in section 501(c)(3) of the Internal Revenue Code in which  
102.10 voluntary contributions make up at least five percent of the organization's annual revenue  
102.11 in its most recently completed 12-month fiscal year, or in the current year if the organization  
102.12 has not completed a 12-month fiscal year;

102.13 (2) a municipal board that promotes cultural and arts activities; or

102.14 (3) the University of Minnesota, a state college and university, or a private nonprofit  
102.15 college or university provided that the event is held at a facility owned by the educational  
102.16 institution holding the event.

102.17 The exemption only applies if the entire proceeds, after reasonable expenses, are used solely  
102.18 to provide opportunities for citizens of the state to participate in the creation, performance,  
102.19 or appreciation of the arts.

102.20 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt,  
102.21 provided that the exemption under this paragraph does not apply to tickets or admissions  
102.22 to performances or events held on the premises unless the performance or event is sponsored  
102.23 and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota  
102.24 Zoological Garden.

102.25 (c) Tickets or admissions to a performance or event on the premises of a tax-exempt  
102.26 organization under section 501(c)(3) of the Internal Revenue Code are exempt if:

102.27 (1) the nonprofit organization was established to preserve Minnesota's rural agricultural  
102.28 heritage and focuses on educating the public about rural history and how farms in Minnesota  
102.29 helped to provide food for the nation and the world;

102.30 (2) the premises of the nonprofit organization is at least 115 acres;

103.1 (3) the performance or event is sponsored and conducted exclusively by volunteers,  
103.2 employees of the nonprofit organization, or members of the board of directors of the nonprofit  
103.3 organization; and

103.4 (4) the performance or event is consistent with the nonprofit organization's purposes  
103.5 under section 501(c)(3) of the Internal Revenue Code.

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

103.7 Sec. 15. Minnesota Statutes 2018, section 297A.70, subdivision 20, is amended to read:

103.8 Subd. 20. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose  
103.9 of owning or operating ice arenas or rinks that are (1) part of either the Duluth Heritage  
103.10 Sports Center or the David M. Thaler Sports Center; and (2) are used for youth and high  
103.11 school programs, are exempt if the organization is a private, nonprofit corporation exempt  
103.12 from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

103.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
103.14 30, 2019.

103.15 Sec. 16. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
103.16 to read:

103.17 **Subd. 21. County agricultural society sales at county fairs.** Sales by a county  
103.18 agricultural society during a regularly scheduled county fair are exempt. For purposes of  
103.19 this subdivision, sales include admissions to and parking at the county fairgrounds,  
103.20 admissions to separately ticketed events run by the county agricultural society, and  
103.21 concessions and other sales made by employees or volunteers of the county agricultural  
103.22 society on the county fairgrounds. This exemption does not apply to sales or events by a  
103.23 county agricultural society held at a time other than at the time of the regularly scheduled  
103.24 county fair, or events not held on the county fairgrounds.

103.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
103.26 30, 2019.

103.27 Sec. 17. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
103.28 to read:

103.29 **Subd. 22. Nonprofit conservation clubs.** Sales to nonprofit conservation clubs are  
103.30 exempt. For purposes of this subdivision, a "nonprofit conservation club" means an

104.1 organization exempt under section 501(c)(3) of the Internal Revenue Code that provides  
104.2 instruction, training, and facilities for shooting handguns or rifles.

104.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
104.4 30, 2019.

104.5 Sec. 18. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
104.6 to read:

104.7 Subd. 23. **Nonprofit arena board.** Sales to an organization that exists primarily for the  
104.8 purpose of owning or operating facilities that are part of the Lake of the Woods International  
104.9 Arena are exempt if the organization is a private, nonprofit corporation exempt from federal  
104.10 income taxation under section 501(c)(3) of the Internal Revenue Code.

104.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
104.12 30, 2019.

104.13 Sec. 19. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
104.14 to read:

104.15 Subd. 24. **Prepared food used by certain nonprofits.** Sales of prepared food to a  
104.16 nonprofit organization that, as part of its charitable mission, is sponsoring and managing  
104.17 the provision of meals and other food through the federal Child and Adult Care Food Program  
104.18 or the federal Summer Food Service Program to unaffiliated centers and sites are exempt  
104.19 from sales tax. Only prepared food purchased from a caterer or other business under a  
104.20 contract with the nonprofit and used directly in the Child and Adult Care Food Program or  
104.21 the federal Summer Food Service Program qualifies for this exemption. Prepared food  
104.22 purchased by the nonprofit for other purposes remains taxable.

104.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
104.24 30, 2019.

104.25 Sec. 20. Minnesota Statutes 2018, section 297A.71, subdivision 50, is amended to read:

104.26 Subd. 50. **Properties destroyed by fire.** (a) Building materials and supplies used in,  
104.27 and equipment incorporated into, the construction or replacement of real property that is  
104.28 located in Melrose affected by the fire on September 8, 2016, are exempt.

104.29 (b) For sales and purchases made for the periods of (1) after September 30, 2016, and  
104.30 before July 1, 2017, and (2) after December 31, 2018, and before July 1, 2019, the tax must



105.1 be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and  
105.2 then refunded in the manner provided in section 297A.75.

105.3 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
105.4 made after December 31, 2018.

105.5 Sec. 21. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
105.6 to read:

105.7 Subd. 51. **Lake of the Woods International Arena construction.** (a) Materials and  
105.8 supplies used or consumed in, and equipment incorporated into, the construction or  
105.9 improvement of the Lake of the Woods International Arena are exempt.

105.10 (b) The tax on purchases exempt under this subdivision must be imposed and collected  
105.11 as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner  
105.12 provided in section 297A.75.

105.13 (c) The exemption under this subdivision is effective for purchases made after March  
105.14 30, 2018, and before April 1, 2020.

105.15 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
105.16 final enactment and applies retroactively from March 30, 2018.

105.17 Sec. 22. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
105.18 to read:

105.19 Subd. 52. **Properties destroyed by fire.** (a) Building materials and supplies used or  
105.20 consumed in, and equipment incorporated into, the construction or replacement of real  
105.21 property affected by, and capital equipment to replace equipment destroyed in, the fire on  
105.22 March 11, 2018, in the city of Mazeppa are exempt.

105.23 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
105.24 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

105.25 (c) For purposes of this subdivision, "capital equipment" includes durable equipment  
105.26 used in a restaurant for food storage, preparation, and serving.

105.27 (d) The exemption under this subdivision applies to sales and purchases made after  
105.28 March 11, 2018, and before January 1, 2022.

105.29 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
105.30 final enactment and applies retroactively from March 11, 2018.

106.1 Sec. 23. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
106.2 to read:

106.3 Subd. 53. Former Duluth Central High School. (a) Materials and supplies used in and  
106.4 equipment incorporated into a private redevelopment project on the site of the former Duluth  
106.5 Central High School are exempt, provided the resulting development is subject to property  
106.6 taxes.

106.7 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
106.8 subdivision 1, applied and then refunded in the manner provided in section 297A.75. The  
106.9 commissioner must not pay more than \$1,000,000 in refunds for purchases exempt under  
106.10 this subdivision. Refunds must be processed and issued in the order that complete and  
106.11 accurate applications are received by the commissioner.

106.12 (c) The exemption under this subdivision applies for sales and purchases made after  
106.13 June 30, 2019, and before January 1, 2021.

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

106.15 Sec. 24. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
106.16 to read:

106.17 Subd. 54. Construction; certain local government facilities. (a) Materials and supplies  
106.18 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,  
106.19 or remodeling of the following local government owned facilities are exempt:

106.20 (1) a new fire station, which includes firefighting, emergency management, public safety  
106.21 training, and other public safety facilities in the city of Monticello if materials, supplies,  
106.22 and equipment are purchased after January 31, 2019, and before January 1, 2022;

106.23 (2) a new fire station, which includes firefighting and public safety training facilities  
106.24 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and  
106.25 equipment are purchased after June 30, 2018, and before January 1, 2021;

106.26 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
106.27 utility components, on or adjacent to the property on which the fire station or police station  
106.28 are located that are necessary for safe access to and use of those buildings, in the city of  
106.29 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
106.30 before January 1, 2021;

106.31 (4) the school building in Independent School District No. 414, Minneota, if materials,  
106.32 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

107.1 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment  
107.2 are purchased after December 31, 2018, and before January 1, 2021;

107.3 (6) an interpretive center, including access roads, lighting, sidewalks, and utility  
107.4 components, on or adjacent to the property on which the interpretive center is located that  
107.5 are necessary for safe access to and use of the buildings, owned and operated by the city of  
107.6 St. Louis Park if materials, supplies, and equipment are purchased after April 1, 2019, and  
107.7 before January 1, 2021; and

107.8 (7) a Dakota County law enforcement collaboration center, also known as the Safety  
107.9 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,  
107.10 and equipment are purchased after June 30, 2019, and before July 1, 2021.

107.11 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
107.12 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

107.13 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
107.14 \$850,000.

107.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
107.16 applies retroactively to sales and purchases made during the time periods listed for each  
107.17 project in paragraph (a).

107.18 Sec. 25. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
107.19 to read:

107.20 Subd. 55. **Nonprofit snowmobile clubs.** Building materials and supplies used by a  
107.21 nonprofit snowmobile club to construct, reconstruct, or maintain or improve state or  
107.22 grant-in-aid snowmobile trails are exempt. A nonprofit snowmobile club is eligible for the  
107.23 exemption under this subdivision if it received, in the current year or in the previous  
107.24 three-year period, a state grant-in-aid grant administered by the Department of Natural  
107.25 Resources by applying for the grant with a local unit of government sponsor.

107.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
107.27 30, 2019.

107.28 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

- 108.1 (1) building materials for an agricultural processing facility exempt under section  
108.2 297A.71, subdivision 13;
- 108.3 (2) building materials for mineral production facilities exempt under section 297A.71,  
108.4 subdivision 14;
- 108.5 (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- 108.6 (4) building materials used in a residence for disabled veterans exempt under section  
108.7 297A.71, subdivision 11;
- 108.8 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 108.9 (6) materials and supplies for qualified low-income housing under section 297A.71,  
108.10 subdivision 23;
- 108.11 (7) materials, supplies, and equipment for municipal electric utility facilities under  
108.12 section 297A.71, subdivision 35;
- 108.13 (8) equipment and materials used for the generation, transmission, and distribution of  
108.14 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
108.15 37;
- 108.16 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
108.17 (a), clause (10);
- 108.18 (10) materials, supplies, and equipment for construction or improvement of projects and  
108.19 facilities under section 297A.71, subdivision 40;
- 108.20 (11) materials, supplies, and equipment for construction, improvement, or expansion  
108.21 of:
- 108.22 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
108.23 section 297A.71, subdivision 42;
- 108.24 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
108.25 45;
- 108.26 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
108.27 297A.71, subdivision 46; and
- 108.28 (iv) an industrial measurement manufacturing and controls facility exempt under  
108.29 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 108.30 (12) enterprise information technology equipment and computer software for use in a  
108.31 qualified data center exempt under section 297A.68, subdivision 42;

109.1 (13) materials, supplies, and equipment for qualifying capital projects under section  
109.2 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

109.3 (14) items purchased for use in providing critical access dental services exempt under  
109.4 section 297A.70, subdivision 7, paragraph (c);

109.5 (15) items and services purchased under a business subsidy agreement for use or  
109.6 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
109.7 44;

109.8 (16) building materials, equipment, and supplies for constructing or replacing real  
109.9 property exempt under section 297A.71, ~~subdivision~~ subdivisions 49; 50, paragraph (b);  
109.10 51; 52; and 53; and

109.11 (17) building materials, equipment, and supplies for ~~constructing or replacing real~~  
109.12 ~~property exempt under section 297A.71, subdivision 50, paragraph (b).~~ qualifying capital  
109.13 projects under section 297A.71, subdivision 54.

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

109.15 Sec. 27. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

109.16 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
109.17 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items,  
109.18 except as otherwise provided in section 297A.68, subdivision 42, must be paid to the  
109.19 applicant. Only the following persons may apply for the refund:

109.20 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

109.21 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

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

109.24 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
109.25 property;

109.26 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

109.27 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
109.28 joint venture of municipal electric utilities;

109.29 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
109.30 business;

110.1 (8) for subdivision 1, clauses (9), (10), ~~and (13), and (17)~~, the applicant must be the  
 110.2 governmental entity that owns or contracts for the project or facility; and

110.3 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
 110.4 building or project; ~~and~~.

110.5 ~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the~~  
 110.6 ~~building or project.~~

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

110.8 Sec. 28. Minnesota Statutes 2018, section 297A.83, subdivision 1, is amended to read:

110.9 Subdivision 1. **Persons applying.** (a) A ~~retailer~~ person required to collect and remit  
 110.10 sales taxes under section 297A.66 shall file with the commissioner an application for a  
 110.11 permit.

110.12 (b) A retailer making retail sales from outside this state to a destination within this state  
 110.13 who is not required to obtain a permit under paragraph (a) may nevertheless voluntarily file  
 110.14 an application for a permit.

110.15 (c) The commissioner may require any person or class of persons obligated to file a use  
 110.16 tax return under section 289A.11, subdivision 3, to file an application for a permit.

110.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 110.18 30, 2019.

110.19 Sec. 29. Laws 2017, First Special Session chapter 1, article 3, section 26, the effective  
 110.20 date, is amended to read:

110.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 110.22 30, 2017; ~~and before July 1, 2027.~~

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

110.24 Sec. 30. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective  
 110.25 date, is amended to read:

110.26 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases  
 110.27 made after September 30, 2016, and before January 1, ~~2019~~ 2023. Paragraph (b) is effective  
 110.28 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and  
 110.29 (2) after December 31, 2018, and before July 1, 2019.

110.30 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2019.

111.1 Sec. 31. MUNICIPALLY OWNED WATER TREATMENT FACILITY; CITY OF  
111.2 ELKO NEW MARKET.

111.3 Subdivision 1. Exemption. Materials and supplies used in and equipment incorporated  
111.4 into a water treatment facility owned and operated by the city of Elko New Market are  
111.5 exempt from taxation under Minnesota Statutes, chapter 297A, regardless of whether the  
111.6 materials and supplies are purchased by the city or a contractor, subcontractor, or builder.  
111.7 All purchases for this facility must have been made after June 1, 2014, and before June 1,  
111.8 2016.

111.9 Subd. 2. Refund. The tax on purchases exempt under subdivision 1 must be imposed  
111.10 and collected as if the rate under Minnesota Statutes, section 297A.62, applied, and then  
111.11 refunded in the manner provided in Minnesota Statutes, section 297A.75. The applicant  
111.12 must be the city of Elko New Market. If sales tax has been paid on sales and purchases  
111.13 exempt under this section prior to the effective date of this section, the city of Elko New  
111.14 Market may apply directly to the commissioner of revenue for a refund. The application  
111.15 must be in the form and manner required by the commissioner and provide sufficient  
111.16 information so the commissioner can verify the amount paid. If the tax was paid by a  
111.17 contractor, subcontractor, or builder, the contractor, subcontractor, or builder must furnish  
111.18 to the refund applicant a statement including the cost of the exempt items and the taxes paid  
111.19 on the items. Interest must be paid on the refund at the rate in Minnesota Statutes, section  
111.20 270C.405, from 90 days after the refund claim is filed with the commissioner.

111.21 Subd. 3. Appropriation. The amount required to make the refunds under this section  
111.22 is appropriated to the commissioner of revenue.

111.23 EFFECTIVE DATE. This section is effective retroactively for purchases made after  
111.24 June 1, 2014, and before June 1, 2016.

111.25 Sec. 32. REPEALER.

111.26 Minnesota Statutes 2018, section 297A.66, subdivision 4b, is repealed.

111.27 EFFECTIVE DATE. This section is effective for sales and purchases made after  
111.28 September 30, 2019.

112.1

**ARTICLE 4**

112.2

**SPECIAL TAXES**

112.3 Section 1. Minnesota Statutes 2018, section 295.75, subdivision 4, is amended to read:

112.4 Subd. 4. **Tax collection required.** A liquor retailer with nexus in Minnesota or a direct  
112.5 ship winery as defined in section 340A.550, who is not subject to tax under subdivision 2,  
112.6 is required to collect the tax imposed under subdivision 3 from the purchaser of the liquor  
112.7 and give the purchaser a receipt for the tax paid. The tax collected must be remitted to the  
112.8 commissioner in the same manner prescribed for the taxes imposed under chapter 297A.

112.9 **EFFECTIVE DATE.** This section is effective for sales and purchases occurring on or  
112.10 after July 1, 2019.

112.11 Sec. 2. Minnesota Statutes 2018, section 296A.03, subdivision 3, is amended to read:

112.12 Subd. 3. **Form of application; license fee.** An application for a distributor's license  
112.13 shall be made in the form and manner prescribed by the commissioner and must be  
112.14 accompanied by an initial fee of \$25. Once licensed, a distributor must remit a \$25 fee  
112.15 annually to maintain the license.

112.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.

112.17 Sec. 3. Minnesota Statutes 2018, section 296A.13, is amended to read:

112.18 **296A.13 PERSONAL LIABILITY FOR TAX.**

112.19 Liability for payment of taxes under this chapter includes a responsible person or entity  
112.20 described in the personal liability provisions of section 270C.56-, except "person" includes  
112.21 but is not limited to directors and officers of corporations, governors, managers, or members  
112.22 of a member-managed limited liability company, or partners of partnerships who, either  
112.23 individually or jointly with others, have the control, supervision, or responsibility of filing  
112.24 returns and making payment of the amount of tax imposed by this chapter.

112.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

112.26 Sec. 4. Minnesota Statutes 2018, section 297A.83, subdivision 1, is amended to read:

112.27 Subdivision 1. **Persons applying.** (a) A retailer required to collect and remit sales taxes  
112.28 under section 297A.66 or a direct ship winery as defined in section 340A.550 shall file with  
112.29 the commissioner an application for a permit under this section.



113.1 (b) A retailer making retail sales from outside this state to a destination within this state  
113.2 who is not required to obtain a permit under paragraph (a) may nevertheless voluntarily file  
113.3 an application for a permit.

113.4 (c) The commissioner may require any person or class of persons obligated to file a use  
113.5 tax return under section 289A.11, subdivision 3, to file an application for a permit.

113.6 **EFFECTIVE DATE.** This section is effective for permits applied for after June 30,  
113.7 2019.

113.8 Sec. 5. Minnesota Statutes 2018, section 297F.01, subdivision 19, is amended to read:

113.9 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,  
113.10 made, or derived from tobacco that is intended for human consumption, whether chewed,  
113.11 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or  
113.12 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;  
113.13 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking  
113.14 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing  
113.15 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds  
113.16 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco  
113.17 products includes nicotine solution products. Tobacco products excludes any tobacco product  
113.18 that has been approved by the United States Food and Drug Administration for sale as a  
113.19 tobacco cessation product, as a tobacco dependence product, or for other medical purposes,  
113.20 and is being marketed and sold solely for such an approved purpose.

113.21 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco  
113.22 products includes a premium cigar, as defined in subdivision 13a.

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

113.24 Sec. 6. Minnesota Statutes 2018, section 297F.01, is amended by adding a subdivision to  
113.25 read:

113.26 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any  
113.27 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that  
113.28 is in a solution that is consumed, or meant to be consumed, through the use of a heating  
113.29 element, power source, electronic circuit, or other electronic, chemical, or mechanical means  
113.30 that produces vapor or aerosol. This paragraph expires December 31, 2019.

113.31 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,  
113.32 or other package that contains nicotine, including nicotine made or derived from tobacco

114.1 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,  
114.2 through the use of a heating element, power source, electronic circuit, or other electronic,  
114.3 chemical, or mechanical means that produces vapor or aerosol.

114.4 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic  
114.5 cigarillo, electronic pipe, or similar product or device, and any batteries, heating elements,  
114.6 or other components, parts, or accessories sold with and meant to be used in the consumption  
114.7 of a solution containing nicotine.

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

114.9 Sec. 7. Minnesota Statutes 2018, section 297F.01, subdivision 23, is amended to read:

114.10 Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which  
114.11 a distributor purchases a tobacco product.

114.12 (b) When a distributor sells a cartridge, bottle, or other package of a solution containing  
114.13 nicotine that is part of a kit that also includes a product, device, component, part, or accessory  
114.14 described in subdivision 22b:

114.15 (1) the wholesale sales price is the price at which the distributor purchases the kit; except  
114.16 that

114.17 (2) if the distributor also separately sells the same package of solution containing nicotine  
114.18 that is sold with the kit and can isolate the cost of the package of solution containing nicotine,  
114.19 then the wholesale sales price includes only the price at which the distributor separately  
114.20 purchases the package of the solution containing nicotine and any taxes, charges, and costs  
114.21 listed in paragraph (c).

114.22 (c) Wholesale sales price includes the applicable federal excise tax, freight charges, or  
114.23 packaging costs, regardless of whether they were included in the purchase price.

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

114.25 Sec. 8. Minnesota Statutes 2018, section 297F.05, is amended by adding a subdivision to  
114.26 read:

114.27 Subd. 1b. **Annual indexing.** (a) Each year the commissioner shall adjust the tax rates  
114.28 under subdivision 1, including any adjustment made in prior years under this subdivision,  
114.29 by multiplying the mill rates for the current calendar year by an adjustment factor and  
114.30 rounding the result to the nearest mill. The adjustment factor equals the in-lieu sales tax  
114.31 rate that applies to the following calendar year divided by the in-lieu sales tax rate for the

115.1 current calendar year. For purposes of this subdivision, "in-lieu sales tax rate" means the  
115.2 tax rate established under section 297F.25, subdivision 1. For purposes of the calculations  
115.3 under this subdivision to be made in any year in which an increase in the federal or state  
115.4 excise tax on cigarettes is implemented, the commissioner shall exclude from the calculated  
115.5 average price for the current year an amount equal to any increase in the state or federal  
115.6 excise tax rate.

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

115.9 (c) The determination of the commissioner under this subdivision is not a rule and is  
115.10 not subject to the Administrative Procedure Act in chapter 14, including section 14.386.

115.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
115.12 applies beginning with rates calculated for calendar year 2020.

115.13 Sec. 9. Minnesota Statutes 2018, section 297F.08, subdivision 8, is amended to read:

115.14 Subd. 8. **Sale of stamps.** The commissioner may sell stamps on a credit basis under  
115.15 conditions prescribed by the commissioner. The commissioner shall sell the stamps at a  
115.16 price which includes the tax ~~after giving effect to the discount provided in subdivision 7.~~  
115.17 The commissioner shall recover the actual costs of the stamps from the distributor. The  
115.18 commissioner shall annually establish the maximum amount of stamps that may be purchased  
115.19 each month.

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

115.21 Sec. 10. Minnesota Statutes 2018, section 297F.08, subdivision 9, is amended to read:

115.22 Subd. 9. **Tax stamping machines.** The commissioner shall require any person licensed  
115.23 as a distributor to stamp packages with a tax stamping machine, approved by the  
115.24 commissioner, which shall be provided by the distributor. The commissioner shall also  
115.25 supervise and check the operation of the machines and shall provide for the payment of the  
115.26 tax on any package so stamped, ~~subject to the discount provided in subdivision 7.~~ If the  
115.27 commissioner finds that a stamping machine is not affixing a legible stamp on the package,  
115.28 the commissioner may order the distributor to immediately cease the stamping process until  
115.29 the machine is functioning properly.

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

116.1 Sec. 11. Minnesota Statutes 2018, section 297G.07, subdivision 1, is amended to read:

116.2 Subdivision 1. **Exemptions.** The following are not subject to the excise tax:

116.3 (1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in  
116.4 interstate commerce.

116.5 (2) Alcoholic beverages sold or transferred between Minnesota wholesalers.

116.6 (3) Sales to common carriers engaged in interstate transportation of passengers, except  
116.7 as provided in this chapter.

116.8 (4) Malt beverages served by a brewery for on-premise consumption at no charge, or  
116.9 distributed to brewery employees for on-premise consumption under a labor contract.

116.10 ~~(5) Shipments of wine to Minnesota residents under section 340A.417.~~

116.11 ~~(6)~~ (6) Fruit juices naturally fermented or beer naturally brewed in the home for family use  
116.12 and not sold or offered for sale.

116.13 ~~(7)~~ (6) Sales of wine for sacramental purposes under section 340A.316.

116.14 ~~(8)~~ (7) Alcoholic beverages sold to authorized manufacturers of food products or  
116.15 pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture  
116.16 of food products or medicines. For purposes of this clause, "manufacturer" means a person  
116.17 who manufactures food products intended for sale to wholesalers or retailers for ultimate  
116.18 sale to the consumer.

116.19 ~~(9)~~ (8) Liqueur-filled candy.

116.20 ~~(10)~~ (9) Sales to a federal agency, that the state of Minnesota is prohibited from taxing  
116.21 under the Constitution or laws of the United States or under the Constitution of Minnesota.

116.22 ~~(11)~~ (10) Sales to Indian tribes as defined in section 297G.08.

116.23 ~~(12)~~ (11) Shipments of intoxicating liquor from foreign countries to diplomatic personnel  
116.24 of foreign countries assigned to service in this state.

116.25 ~~(13)~~ (12) Shipments of bulk distilled spirits or bulk wine to farm wineries licensed under  
116.26 section 340A.315 for input to the final product.

116.27 **EFFECTIVE DATE.** This section is effective July 1, 2019.

117.1 Sec. 12. Minnesota Statutes 2018, section 297H.02, subdivision 2, is amended to read:

117.2 Subd. 2. **Rates.** For taxpayers located in a county that does not contain a soil and water  
117.3 conservation district, the rate of tax under this section is 9.75 percent. For taxpayers located  
117.4 in all other counties, the rate of tax under this section is 11 percent.

117.5 **EFFECTIVE DATE.** This section is effective July 1, 2019.

117.6 Sec. 13. Minnesota Statutes 2018, section 297H.03, subdivision 2, is amended to read:

117.7 Subd. 2. **Rate.** For taxpayers located in a county that does not contain a soil and water  
117.8 conservation district, the rate of the tax under this section is 17 percent. For taxpayers located  
117.9 in all other counties, the rate of tax under this section is 19 percent.

117.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

117.11 Sec. 14. Minnesota Statutes 2018, section 297H.04, subdivision 2, is amended to read:

117.12 Subd. 2. **Rate.** (a) Except taxpayers described in paragraph (d), commercial generators  
117.13 that generate nonmixed municipal solid waste shall pay a solid waste management tax of  
117.14 ~~60~~ 67.5 cents per noncompacted cubic yard of periodic waste collection capacity purchased  
117.15 by the generator, based on the size of the container for the nonmixed municipal solid waste,  
117.16 the actual volume, or the weight-to-volume conversion schedule in paragraph (c). However,  
117.17 the tax must be calculated by the waste management service provider using the same method  
117.18 for calculating the waste management service fee so that both are calculated according to  
117.19 container capacity, actual volume, or weight.

117.20 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed  
117.21 municipal solid waste shall pay a solid waste management tax in the same manner as provided  
117.22 in paragraph (a).

117.23 (c) Except taxpayers described in paragraph (d), the weight-to-volume conversion  
117.24 schedule for:

117.25 (1) construction debris as defined in section 115A.03, subdivision 7, is equal to ~~60~~ 67.5  
117.26 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner  
117.27 of the Pollution Control Agency, shall determine and may publish by notice a conversion  
117.28 schedule for construction debris;

117.29 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to ~~60~~ 67.5  
117.30 cents per cubic yard. The commissioner of revenue after consultation with the commissioner

118.1 of the Pollution Control Agency, shall determine, and may publish by notice, a conversion  
118.2 schedule for various industrial wastes; and

118.3 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste  
118.4 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or ~~60~~  
118.5 67.5 cents per 150 pounds.

118.6 (d) Taxpayers located in a county that does not contain a soil and water conservation  
118.7 district must have the rates under this subdivision reduced by 7.5 cents.

118.8 **EFFECTIVE DATE.** This section is effective July 1, 2019.

118.9 Sec. 15. Minnesota Statutes 2018, section 297H.05, is amended to read:

118.10 **297H.05 SELF-HAULERS.**

118.11 (a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the  
118.12 waste management facility to which the waste is delivered at the rate imposed under section  
118.13 297H.03, based on the sales price of the waste management services.

118.14 (b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of  
118.15 the waste management facility to which the waste is delivered at the rate imposed under  
118.16 section 297H.04.

118.17 (c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based  
118.18 either on the capacity of the container, the actual volume, or the weight-to-volume conversion  
118.19 schedule in paragraph (d). However, the tax must be calculated by the operator using the  
118.20 same method for calculating the tipping fee so that both are calculated according to container  
118.21 capacity, actual volume, or weight.

118.22 (d) Except taxpayers described in paragraph (f), the weight-to-volume conversion  
118.23 schedule for:

118.24 (1) construction debris as defined in section 115A.03, subdivision 7, is one ton equals  
118.25 3.33 cubic yards, or ~~\$2~~ \$2.25 per ton;

118.26 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to ~~60~~ 67.5  
118.27 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner  
118.28 of the Pollution Control Agency, shall determine, and may publish by notice, a conversion  
118.29 schedule for various industrial wastes; and

118.30 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste  
118.31 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or ~~60~~  
118.32 67.5 cents per 150 pounds.

119.1 (e) For mixed municipal solid waste the tax is imposed upon the difference between the  
119.2 market price and the tip fee at a processing or disposal facility if the tip fee is less than the  
119.3 market price and the political subdivision subsidizes the cost of service at the facility. The  
119.4 political subdivision is liable for the tax.

119.5 (f) Taxpayers located in a county that does not contain a soil and water conservation  
119.6 district must have the rates under clause (1) reduced by 25 cents and under clauses (2) and  
119.7 (3) reduced by 7.5 cents

119.8 **EFFECTIVE DATE.** This section is effective July 1, 2019.

119.9 Sec. 16. Minnesota Statutes 2018, section 297H.13, subdivision 2, is amended to read:

119.10 Subd. 2. **Allocation of revenues.** (a) \$33,760,000, or 70 percent, whichever is greater,  
119.11 of the amounts remitted under this chapter must be credited to the environmental fund  
119.12 established in section 16A.531, subdivision 1.

119.13 (b) Notwithstanding paragraph (a), 30 percent of the following combined amounts are  
119.14 dedicated to the account established under section 297H.131:

119.15 (1) an amount equal to 1.25 percentage points of the tax imposed under section 297H.02,  
119.16 subdivision 2, on taxpayers located in counties that contain a soil and water conservation  
119.17 district;

119.18 (2) an amount equal to two percentage points of the tax imposed under section 297H.03,  
119.19 subdivision 2, on taxpayers located in counties that contain a soil and water conservation  
119.20 district;

119.21 (3) an amount equal to 7.5 cents per cubic yard or per 150 pounds, as applicable, of the  
119.22 tax imposed by sections 297H.04, subdivision 2, and 297H.05 on taxpayers located in  
119.23 counties that contain a soil and water conservation district; and

119.24 (4) an amount equal to 25 cents per ton of the tax imposed by section 297H.05, paragraph  
119.25 (d), clause (1), on taxpayers located in counties that contain a soil and water conservation  
119.26 district.

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

119.28 **EFFECTIVE DATE.** This section is effective July 1, 2019.

119.29 Sec. 17. **[297H.131] SOIL AND WATER CONSERVATION DISTRICT ACCOUNT.**

119.30 Subdivision 1. Establishment; appropriation. (a) A soil and water conservation district  
119.31 account is established in the special revenue fund. An amount equal to the amount allocated

120.1 under section 297H.13, subdivision 2, paragraph (b), clauses (1) to (4), must be deposited  
120.2 in this fund annually.

120.3 (b) Money in the account, including interest, is appropriated to the commissioner of  
120.4 revenue annually.

120.5 Subd. 2. **Distribution.** (a) The commissioner of revenue must distribute money in this  
120.6 account to the Board of Soil and Water Resources for the purpose of providing competitive  
120.7 grants to soil and water conservation districts.

120.8 (b) A county containing a district that receives a grant under paragraph (a) must fully  
120.9 match the dollar amount of the grant up to \$100,000 and distribute the match to the receiving  
120.10 district. The amount of the match must be in addition to current levels of funding.

120.11 **EFFECTIVE DATE.** This section is effective July 1, 2019.

120.12 **Sec. 18. REPEALER.**

120.13 (a) Minnesota Statutes 2018, section 297F.08, subdivision 5, is repealed.

120.14 (b) Minnesota Statutes 2018, sections 296A.03, subdivision 5; 296A.04, subdivision 2;  
120.15 and 296A.05, subdivision 2, and Minnesota Rules, part 8125.0410, subpart 1, are repealed.

120.16 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.  
120.17 Paragraph (b) is effective July 1, 2019.

120.18

## ARTICLE 5

120.19

### PROPERTY TAXES

120.20 Section 1. Minnesota Statutes 2018, section 138.053, is amended to read:

120.21 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

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

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



121.1 Sec. 2. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

121.2 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner  
121.3 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to  
121.4 the commissioner of revenue the amounts to be paid.

121.5 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the  
121.6 commissioner of revenue shall distribute the specified funds to cities in the same manner  
121.7 as local government aid under chapter 477A. An appropriation to the commissioner ~~of~~  
121.8 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes  
121.9 specified in this paragraph.

121.10 (c) Notwithstanding other law to the contrary, in order to receive distributions under  
121.11 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city  
121.12 that receives funds under this section must make and preserve records necessary to show  
121.13 that the funds are spent in compliance with subdivision 4.

121.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

121.15 Sec. 3. Minnesota Statutes 2018, section 197.603, subdivision 2, is amended to read:

121.16 Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service  
121.17 officer is the responsible authority with respect to all records in the officer's custody. The  
121.18 data on clients' applications for assistance is private data on individuals, as defined in section  
121.19 13.02, subdivision 12. The county veterans service officer may disclose to the county assessor  
121.20 private data necessary to determine a client's eligibility for the disabled veteran's homestead  
121.21 market value exclusion under section 273.13, subdivision 34.

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

121.23 Sec. 4. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

121.24 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following  
121.25 powers and duties in administering the property tax laws:;

121.26 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local  
121.27 assessors and local boards of review throughout the state as to their duties under the laws  
121.28 of the state;;

121.29 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws  
121.30 relating to the liability and punishment of public officers and officers and agents of  
121.31 corporations for failure or negligence to comply with the provisions of the property tax

122.1 laws, and cause complaints to be made against local assessors, members of boards of  
 122.2 equalization, members of boards of review, or any other assessing or taxing officer, to the  
 122.3 proper authority, for their removal from office for misconduct or negligence of duty;

122.4 ~~(e)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions  
 122.5 or proceedings for removal, forfeiture, and punishment, for violation of the property tax  
 122.6 laws in their respective districts or counties;

122.7 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify  
 122.8 information, at the parcel level or in the aggregate, as to the assessment and taxation of real  
 122.9 and personal property, and such other information as may be needful in the work of the  
 122.10 commissioner, ~~in such form as the commissioner may prescribe~~. The commissioner shall  
 122.11 prescribe the content, format, manner, and time of filing of all required reports and  
 122.12 certifications;

122.13 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each  
 122.14 even-numbered year, and to each member of the legislature, on or before November 15 of  
 122.15 each even-numbered year, the report of the department for the preceding years, showing all  
 122.16 the taxable property subject to the property tax laws and the value of the same, in tabulated  
 122.17 form;

122.18 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the  
 122.19 assessors faithfully discharge their duties; and

122.20 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial  
 122.21 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"  
 122.22 means property that:

122.23 ~~(1)~~ (i) is designed and equipped for a particular type of industry;

122.24 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;

122.25 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and

122.26 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the  
 122.27 assessor's preliminary determination.

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

122.29 Sec. 5. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

122.30 Subdivision 1. **Initial report.** Each county assessor shall file ~~by April 1~~ with the  
 122.31 commissioner a copy of ~~the abstract~~ preliminary assessment information that the  
 122.32 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be

123.1 acted upon by the local and county boards of review. ~~The abstract must list the real and~~  
 123.2 ~~personal property in the county itemized by assessment districts.~~ The assessor of each county  
 123.3 in the state shall file with the commissioner, within ten working days following final action  
 123.4 of the local board of review or equalization and within five days following final action of  
 123.5 the county board of equalization, any changes made by the local or county board. ~~The~~  
 123.6 ~~information must be filed in the manner prescribed by the commissioner.~~

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

123.8 Sec. 6. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

123.9 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after  
 123.10 adjustments by the State Board of Equalization and inclusion of any omitted property shall  
 123.11 be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~  
 123.12 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~  
 123.13 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~  
 123.14 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~  
 123.15 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~  
 123.16 ~~credit under section 273.42.~~

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

123.18 Sec. 7. Minnesota Statutes 2018, section 270C.91, is amended to read:

123.19 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**  
 123.20 **DUTIES OF COUNTY AUDITOR.**

123.21 A record of all proceedings of the commissioner affecting any change in the net tax  
 123.22 capacity of any property, as revised by the State Board of Equalization, shall be kept by the  
 123.23 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of  
 123.24 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~  
 123.25 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall  
 123.26 specify the amounts or amount, or both, added to or deducted from the net tax capacity of  
 123.27 the real property of each of the several towns and cities, and of the real property not in towns  
 123.28 or cities, also the percent or amount of both, added to or deducted from the several classes  
 123.29 of personal property in each of the towns and cities, and also the amount added to or deducted  
 123.30 from the assessment of any person. The county auditor shall add to or deduct from such  
 123.31 tract or lot, or portion thereof, of any real property in the county the required percent or  
 123.32 amount, or both, on the net tax capacity thereof as it stood after equalized by the county  
 123.33 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case

124.1 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or  
124.2 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of  
124.3 personal property in the county the required percent or amount, or both, on the net tax  
124.4 capacity thereof as it stood after equalized by the county board, adding or deducting in  
124.5 manner aforesaid any fractional sum so that no net tax capacity of any separate class of  
124.6 personal property shall contain a fraction of a dollar, and add to or deduct from assessment  
124.7 of any person, as they stood after equalization by the county board, the required amounts  
124.8 to agree with the assessments as returned by the commissioner.

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

124.10 Sec. 8. Minnesota Statutes 2018, section 272.02, subdivision 49, is amended to read:

124.11 Subd. 49. **Agricultural historical society property.** Property is exempt from taxation  
124.12 if it is owned by a nonprofit charitable or educational organization that qualifies for  
124.13 exemption under section 501(c)(3) of the Internal Revenue Code and meets the following  
124.14 criteria:

124.15 (1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts  
124.16 useful in providing an understanding of local or regional agricultural history. Primary use  
124.17 is determined each year based on the number of days the property is used solely for storage  
124.18 and exhibition purposes;

124.19 (2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but  
124.20 includes the land and any taxable structures, fixtures, and equipment on the land;

124.21 (3) the property is not used for a revenue-producing activity for more than ten days in  
124.22 each calendar year; and

124.23 (4) the property is not used for residential purposes on either a temporary or permanent  
124.24 basis.

124.25 Notwithstanding section 272.025, applications for exemptions under this subdivision  
124.26 filed in assessment year 2019 must be filed with the assessor by July 1, 2019.

124.27 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2019.

124.28 Sec. 9. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to  
124.29 read:

124.30 Subd. 102. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

125.1 (1) is located in a city of the first class with a population of more than 380,000 as of the  
125.2 2010 federal census;

125.3 (2) was on January 1, 2016, and is for the current assessment, owned by a federally  
125.4 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;  
125.5 and

125.6 (3) is used exclusively as a pharmacy.

125.7 (b) Property that qualifies for the exemption under this subdivision is limited to parcels  
125.8 and structures that do not exceed, in the aggregate, 4,000 square feet. Property acquired for  
125.9 single-family housing, market-rate apartments, agriculture, or forestry does not qualify for  
125.10 this exemption. The exemption created by this subdivision expires with taxes payable in  
125.11 2029.

125.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
125.13 and thereafter.

125.14 Sec. 10. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to  
125.15 read:

125.16 Subd. 103. **Charitable farmland.** Property owned by an organization exempt under  
125.17 subdivision 4, 6, or 58 and used in the production of agricultural products as defined in  
125.18 section 273.13, subdivision 23, is exempt, provided that any proceeds from the sale of the  
125.19 agricultural products are used to support the mission of an organization exempt under  
125.20 subdivision 4, 6, or 58.

125.21 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
125.22 in 2020.

125.23 Sec. 11. Minnesota Statutes 2018, section 272.115, subdivision 1, is amended to read:

125.24 Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7,  
125.25 whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by  
125.26 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,  
125.27 grantee or the legal agent of either shall file a certificate of value with the county auditor  
125.28 in the county in which the property is located when the deed or other document is presented  
125.29 for recording. Contract for deeds are subject to recording under section 507.235, subdivision  
125.30 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration  
125.31 thereof, paid or to be paid, including the amount of any lien or liens assumed. The items  
125.32 and value of personal property transferred with the real property must be listed and deducted

126.1 from the sale price. The certificate of value shall include the classification to which the  
126.2 property belongs for the purpose of determining the fair market value of the property, and  
126.3 shall include any proposed change in use of the property known to the person filing the  
126.4 certificate that could change the classification of the property. The certificate shall include  
126.5 financing terms and conditions of the sale which are necessary to determine the actual,  
126.6 present value of the sale price for purposes of the sales ratio study. If the property is being  
126.7 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code  
126.8 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.  
126.9 The commissioner of revenue shall promulgate administrative rules specifying the financing  
126.10 terms and conditions which must be included on the certificate. The certificate of value  
126.11 must include the Social Security number or the federal employer identification number of  
126.12 the grantors and grantees. However, a married person who is not an owner of record and  
126.13 who is signing a conveyance instrument along with the person's spouse solely to release  
126.14 and convey their marital interest, if any, in the real property being conveyed is not a grantor  
126.15 for the purpose of the preceding sentence. A statement in the deed that is substantially in  
126.16 the following form is sufficient to allow the county auditor to accept a certificate for filing  
126.17 without the Social Security number of the named spouse: "(Name) claims no ownership  
126.18 interest in the real property being conveyed and is executing this instrument solely to release  
126.19 and convey a marital interest, if any, in that real property." The identification numbers of  
126.20 the grantors and grantees are private data on individuals or nonpublic data as defined in  
126.21 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or  
126.22 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax  
126.23 administration. The information required to be shown on the certificate of value is limited  
126.24 to the information required as of the date of the acknowledgment on the deed or other  
126.25 document to be recorded.

126.26 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
126.27 December 31, 2019.

126.28 **Sec. 12. [272.72] DOCUMENTATION OF TITLE.**

126.29 For the purposes of any program administered by the Department of Revenue, a copy  
126.30 of a court order transferring title to the applicant is sufficient to demonstrate that title is held  
126.31 by the applicant.

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

127.1 Sec. 13. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

127.2 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~  
127.3 are as follows:

127.4 (1) to make all assessments, based upon the appraised values reported by the local  
127.5 assessors or assistants and the county assessor's own knowledge of the value of the property  
127.6 assessed;

127.7 (2) to personally view and determine the value of any property ~~which~~ that because of  
127.8 its type or character may be difficult for the local assessor to appraise;

127.9 (3) to make all changes ordered by the local boards of review, relative to the net tax  
127.10 capacity of the property of any individual, firm or corporation after notice has been given  
127.11 and hearings held as provided by law;

127.12 (4) to enter all assessments in the assessment books, furnished by the county auditor,  
127.13 with each book and the tabular statements for each book in correct balance;

127.14 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the  
127.15 commissioner of revenue;

127.16 (6) to attend the meeting of the county board of equalization; to investigate and report  
127.17 on any assessment ordered by said board; to enter all changes made by said board in the  
127.18 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~  
127.19 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);  
127.20 to enter all changes made by the State Board of Equalization in the assessment books; to  
127.21 deduct all exemptions authorized by law from each assessment and certify to the county  
127.22 auditor the taxable value of each parcel of land, as described and listed in the assessment  
127.23 books by the county auditor, and the taxable value of the personal property of each person,  
127.24 firm, or corporation assessed;

127.25 (7) to investigate and make recommendations relative to all applications for the abatement  
127.26 of taxes or applications for the reduction of the net tax capacity of any property; and

127.27 (8) to perform all other duties relating to the assessment of property for the purpose of  
127.28 taxation which may be required by the commissioner of revenue.

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

128.1 Sec. 14. Minnesota Statutes 2018, section 273.0755, is amended to read:

128.2 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

128.3 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed  
128.4 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall  
128.5 successfully complete a weeklong Minnesota laws course sponsored by the Department of  
128.6 Revenue at least once in every four-year period. An assessor need not attend the course if  
128.7 they successfully pass the test for the course.

128.8 (b) The commissioner of revenue may require that each county, and each city for which  
128.9 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's  
128.10 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an  
128.11 officer or employee who is certified by the Department of Revenue in tax calculations, and  
128.12 ~~(iii)~~ (3) an officer or employee who is certified by the Department of Revenue in the proper  
128.13 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~  
128.14 ~~county have an officer or employee who is certified by the Department of Revenue in the~~  
128.15 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under  
128.16 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after  
128.17 four years.

128.18 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
128.19 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
128.20 in a seminar that focuses on ethics, professional conduct and the need for standardized  
128.21 assessment practices developed and presented by the commissioner of revenue. This  
128.22 requirement must be met at least once in every subsequent four-year period. This requirement  
128.23 applies to all assessors licensed for one year or more in the four-year period.

128.24 (d) When the commissioner of revenue determines that an individual or board that  
128.25 performs functions related to property tax administration has performed those functions in  
128.26 a manner that is not uniform or equitable, the commissioner may require that the individual  
128.27 or members of the board complete supplemental training. The commissioner may not require  
128.28 that an individual complete more than 32 hours of supplemental training pursuant to this  
128.29 paragraph. If the individual is required to complete supplemental training due to that  
128.30 individual's membership on a local or county board of appeal and equalization, the  
128.31 commissioner may not require that the individual complete more than two hours of  
128.32 supplemental training.

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



129.1 Sec. 15. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

129.2 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the  
129.3 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~  
129.4 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax  
129.5 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments  
129.6 must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review  
129.7 the certifications to determine their accuracy. The commissioner may make the changes in  
129.8 the certification that are considered necessary or return a certification to the county auditor  
129.9 for corrections. The commissioner shall reimburse each taxing district, other than school  
129.10 districts, for the taxes lost. The payments must be made at the time provided in section  
129.11 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax  
129.12 is distributed. Reimbursements to school districts must be made as provided in section  
129.13 273.1392. The amount necessary to make the reimbursements under this section is annually  
129.14 appropriated from the general fund to the commissioner of revenue.

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

129.16 Sec. 16. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

129.17 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the  
129.18 county conservation account created in section 40A.152 to the county revenue fund to  
129.19 reimburse the fund for the cost of the property tax credit. The county auditor shall certify  
129.20 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~  
129.21 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of  
129.22 tax lost to the county from the property tax credit under subdivision 1 and the extent that  
129.23 the tax lost exceeds funds available in the county conservation account. Any prior year  
129.24 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue  
129.25 shall review the certifications to determine their accuracy. The commissioner may make  
129.26 the changes in the certification that are considered necessary or return a certification to the  
129.27 county auditor for corrections. The commissioner shall reimburse each taxing district, other  
129.28 than school districts, from the Minnesota conservation fund under section 40A.151 for the  
129.29 taxes lost in excess of the county account. The payments must be made at the time provided  
129.30 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion  
129.31 that the ad valorem tax is distributed.

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

130.1 Sec. 17. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

130.2 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a  
130.3 geographic area for which:

130.4 (1)(i) the president of the United States, the secretary of agriculture, or the administrator  
130.5 of the Small Business Administration has determined that a disaster exists pursuant to federal  
130.6 law, or

130.7 (ii) a local emergency has been declared pursuant to section 12.29; and

130.8 (2) an application by the local unit of government requesting property tax relief under  
130.9 this section has been received by the governor and approved by the executive council.

130.10 (b) The executive council must not approve an application unless:

130.11 (1) a completed disaster survey is included; and

130.12 (2) within the boundaries of the applicant, (i) the average damage for the buildings that  
130.13 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,  
130.14 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent  
130.15 of the total taxable market value of buildings for the applicant as reported to the commissioner  
130.16 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the  
130.17 assessment in the year prior to the year of the damage.

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

130.19 Sec. 18. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

130.20 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
130.21 is owned by a corporation or association organized under chapter 308A or 308B, and each  
130.22 person who owns a share or shares in the corporation or association is entitled to occupy a  
130.23 lot within the park, the corporation or association may claim homestead treatment for the  
130.24 park. Each lot must be designated by legal description or number, and each lot is limited to  
130.25 not more than one-half acre of land.

130.26 (b) The manufactured home park shall be entitled to homestead treatment if all of the  
130.27 following criteria are met:

130.28 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
130.29 property taxes and any special assessments levied against the land and structure either  
130.30 directly, or indirectly through dues to the corporation or association; and

131.1 (2) the corporation or association organized under chapter 308A or 308B is wholly  
131.2 owned by persons having a right to occupy a lot owned by the corporation or association.

131.3 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
131.4 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
131.5 qualifies for homestead treatment with respect to a manufactured home park if its members  
131.6 hold residential participation warrants entitling them to occupy a lot in the manufactured  
131.7 home park.

131.8 (d) "Homestead treatment" under this subdivision means the classification rate provided  
131.9 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause  
131.10 (5), item (ii)-, and the homestead market value exclusion under section 273.13, subdivision  
131.11 35, does not apply ~~and the property taxes assessed against the park shall not be included in~~  
131.12 ~~the determination of taxes payable for rent paid under section 290A.03.~~

131.13 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable  
131.14 in 2020.

131.15 Sec. 19. Minnesota Statutes 2018, section 273.124, subdivision 14, is amended to read:

131.16 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten  
131.17 acres that is the homestead of its owner must be classified as class 2a under section 273.13,  
131.18 subdivision 23, paragraph (a), if:

131.19 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
131.20 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife  
131.21 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
131.22 taxes are paid under sections 477A.11 to 477A.14;

131.23 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20  
131.24 acres;

131.25 (3) the noncontiguous land is located not farther than four townships or cities, or a  
131.26 combination of townships or cities from the homestead; and

131.27 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to  
131.28 at least 50 percent of the market value of the house, garage, and one acre of land.

131.29 Homesteads initially classified as class 2a under the provisions of this paragraph shall  
131.30 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining  
131.31 properties, as long as the homestead remains under the same ownership, the owner owns a  
131.32 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use

132.1 value qualifies under clause (4). Homestead classification under this paragraph is limited  
132.2 to property that qualified under this paragraph for the 1998 assessment.

132.3 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same  
132.4 extent as other agricultural homestead property, if all of the following criteria are met:

132.5 (1) the agricultural property consists of at least 40 acres including undivided government  
132.6 lots and correctional 40's;

132.7 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner  
132.8 or of the owner's spouse, is actively farming the agricultural property, either on the person's  
132.9 own behalf as an individual or on behalf of a partnership operating a family farm, family  
132.10 farm corporation, joint family farm venture, or limited liability company of which the person  
132.11 is a partner, shareholder, or member;

132.12 (3) both the owner of the agricultural property and the person who is actively farming  
132.13 the agricultural property under clause (2), are Minnesota residents;

132.14 (4) neither the owner nor the spouse of the owner claims another agricultural homestead  
132.15 in Minnesota; and

132.16 (5) neither the owner nor the person actively farming the agricultural property lives  
132.17 farther than four townships or cities, or a combination of four townships or cities, from the  
132.18 agricultural property, except that if the owner or the owner's spouse is required to live in  
132.19 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
132.20 the agricultural property, may live more than four townships or cities, or combination of  
132.21 four townships or cities from the agricultural property.

132.22 The relationship under this paragraph may be either by blood or marriage.

132.23 ~~(ii) Agricultural property held by a trustee under a trust is eligible for agricultural~~  
132.24 ~~homestead classification under this paragraph if the qualifications in clause (i) are met,~~  
132.25 ~~except that "owner" means the grantor of the trust.~~

132.26 ~~(iii)~~ Property containing the residence of an owner who owns qualified property under  
132.27 clause (i) shall be classified as part of the owner's agricultural homestead, if that property  
132.28 is also used for noncommercial storage or drying of agricultural crops.

132.29 ~~(iv)~~ (iii) As used in this paragraph, "agricultural property" means class 2a property and  
132.30 any class 2b property that is contiguous to and under the same ownership as the class 2a  
132.31 property.

133.1 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,  
133.2 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached  
133.3 land is located in the same township or city, or not farther than four townships or cities or  
133.4 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must  
133.5 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,  
133.6 and, if the homestead is located in another county, the taxpayer must also notify the assessor  
133.7 of the other county.

133.8 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
133.9 holding a vested remainder interest in it must be classified as a homestead under section  
133.10 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
133.11 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
133.12 interests who are actively engaged in farming the property, and up to one acre of the land  
133.13 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
133.14 must also be assessed class 2a.

133.15 (e) Agricultural land and buildings that were class 2a homestead property under section  
133.16 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
133.17 agricultural homesteads for subsequent assessments if:

133.18 (1) the property owner abandoned the homestead dwelling located on the agricultural  
133.19 homestead as a result of the April 1997 floods;

133.20 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or  
133.21 Wilkin;

133.22 (3) the agricultural land and buildings remain under the same ownership for the current  
133.23 assessment year as existed for the 1997 assessment year and continue to be used for  
133.24 agricultural purposes;

133.25 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles  
133.26 of one of the parcels of agricultural land that is owned by the taxpayer; and

133.27 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,  
133.28 and the owner furnishes the assessor any information deemed necessary by the assessor in  
133.29 verifying the change in dwelling. Further notifications to the assessor are not required if the  
133.30 property continues to meet all the requirements in this paragraph and any dwellings on the  
133.31 agricultural land remain uninhabited.

134.1 (f) Agricultural land and buildings that were class 2a homestead property under section  
134.2 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
134.3 agricultural homesteads for subsequent assessments if:

134.4 (1) the property owner abandoned the homestead dwelling located on the agricultural  
134.5 homestead as a result of damage caused by a March 29, 1998, tornado;

134.6 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,  
134.7 Nicollet, Nobles, or Rice;

134.8 (3) the agricultural land and buildings remain under the same ownership for the current  
134.9 assessment year as existed for the 1998 assessment year;

134.10 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
134.11 one of the parcels of agricultural land that is owned by the taxpayer; and

134.12 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
134.13 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
134.14 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
134.15 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
134.16 are not required if the property continues to meet all the requirements in this paragraph and  
134.17 any dwellings on the agricultural land remain uninhabited.

134.18 (g) Agricultural property of a family farm corporation, joint family farm venture, family  
134.19 farm limited liability company, or partnership operating a family farm as described under  
134.20 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead  
134.21 property, if all of the following criteria are met:

134.22 (1) the property consists of at least 40 acres including undivided government lots and  
134.23 correctional 40's;

134.24 (2) a shareholder, member, or partner of that entity is actively farming the agricultural  
134.25 property;

134.26 (3) that shareholder, member, or partner who is actively farming the agricultural property  
134.27 is a Minnesota resident;

134.28 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,  
134.29 member, or partner claims another agricultural homestead in Minnesota; and

134.30 (5) that shareholder, member, or partner does not live farther than four townships or  
134.31 cities, or a combination of four townships or cities, from the agricultural property.

135.1 Homestead treatment applies under this paragraph for property leased to a family farm  
135.2 corporation, joint farm venture, limited liability company, or partnership operating a family  
135.3 farm if legal title to the property is in the name of an individual who is a member, shareholder,  
135.4 or partner in the entity.

135.5 (h) To be eligible for the special agricultural homestead under this subdivision, an initial  
135.6 full application must be submitted to the county assessor where the property is located.  
135.7 Owners and the persons who are actively farming the property shall be required to complete  
135.8 only a one-page abbreviated version of the application in each subsequent year provided  
135.9 that none of the following items have changed since the initial application:

135.10 (1) the day-to-day operation, administration, and financial risks remain the same;

135.11 (2) the owners and the persons actively farming the property continue to live within the  
135.12 four townships or city criteria and are Minnesota residents;

135.13 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

135.14 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

135.15 (5) the property's acreage is unchanged; and

135.16 (6) none of the property's acres have been enrolled in a federal or state farm program  
135.17 since the initial application.

135.18 The owners and any persons who are actively farming the property must include the  
135.19 appropriate Social Security numbers, and sign and date the application. If any of the specified  
135.20 information has changed since the full application was filed, the owner must notify the  
135.21 assessor, and must complete a new application to determine if the property continues to  
135.22 qualify for the special agricultural homestead. The commissioner of revenue shall prepare  
135.23 a standard reapplication form for use by the assessors.

135.24 (i) Agricultural land and buildings that were class 2a homestead property under section  
135.25 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
135.26 agricultural homesteads for subsequent assessments if:

135.27 (1) the property owner abandoned the homestead dwelling located on the agricultural  
135.28 homestead as a result of damage caused by the August 2007 floods;

135.29 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,  
135.30 Wabasha, or Winona;

135.31 (3) the agricultural land and buildings remain under the same ownership for the current  
135.32 assessment year as existed for the 2007 assessment year;

136.1 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
136.2 one of the parcels of agricultural land that is owned by the taxpayer; and

136.3 (5) the owner notifies the county assessor that the relocation was due to the August 2007  
136.4 floods, and the owner furnishes the assessor any information deemed necessary by the  
136.5 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
136.6 owner must notify the assessor by December 1, 2008. Further notifications to the assessor  
136.7 are not required if the property continues to meet all the requirements in this paragraph and  
136.8 any dwellings on the agricultural land remain uninhabited.

136.9 (j) Agricultural land and buildings that were class 2a homestead property under section  
136.10 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
136.11 agricultural homesteads for subsequent assessments if:

136.12 (1) the property owner abandoned the homestead dwelling located on the agricultural  
136.13 homestead as a result of the March 2009 floods;

136.14 (2) the property is located in the county of Marshall;

136.15 (3) the agricultural land and buildings remain under the same ownership for the current  
136.16 assessment year as existed for the 2008 assessment year and continue to be used for  
136.17 agricultural purposes;

136.18 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles  
136.19 of one of the parcels of agricultural land that is owned by the taxpayer; and

136.20 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
136.21 and the owner furnishes the assessor any information deemed necessary by the assessor in  
136.22 verifying the change in dwelling. Further notifications to the assessor are not required if the  
136.23 property continues to meet all the requirements in this paragraph and any dwellings on the  
136.24 agricultural land remain uninhabited.

136.25 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
136.26 2020.

136.27 Sec. 20. Minnesota Statutes 2018, section 273.124, subdivision 21, is amended to read:

136.28 Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural  
136.29 property, held by a trustee under a trust is eligible for classification as homestead property  
136.30 if the property satisfies the requirements of paragraph (a), (b), (c), ~~(d)~~, or (e).

136.31 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the  
136.32 property as a homestead.



137.1 (b) A relative or surviving relative of the grantor who meets the requirements of  
137.2 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph  
137.3 (d), in the case of agricultural property, occupies and uses the property as a homestead.

137.4 (c) A family farm corporation, joint farm venture, limited liability company, or partnership  
137.5 operating a family farm in which the grantor or the grantor's surviving spouse is a  
137.6 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,  
137.7 or partner of the corporation, joint farm venture, limited liability company, or partnership  
137.8 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,  
137.9 including undivided government lots and correctional 40's, and a shareholder, member, or  
137.10 partner of the tenant-entity is actively farming the property on behalf of the corporation,  
137.11 joint farm venture, limited liability company, or partnership.

137.12 (d) A person who has received homestead classification for property taxes payable in  
137.13 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
137.14 occupy the property as that person's homestead and who continues to use the property as a  
137.15 homestead; or, a person who received the homestead classification for taxes payable in 2005  
137.16 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
137.17 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
137.18 in 2005.

137.19 (e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For  
137.20 purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse  
137.21 of the grantor.

137.22 (f) For purposes of this subdivision, the following terms have the meanings given them:

137.23 (1) "agricultural property" means the house, garage, other farm buildings and structures,  
137.24 and agricultural land;

137.25 (2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except  
137.26 that the phrases "owned by same person" or "under the same ownership" as used in that  
137.27 subdivision mean and include contiguous tax parcels owned by:

137.28 (i) an individual and a trust of which the individual, the individual's spouse, or the  
137.29 individual's deceased spouse is the grantor; or

137.30 (ii) different trusts of which the grantors of each trust are any combination of an  
137.31 individual, the individual's spouse, or the individual's deceased spouse; and

138.1 ~~For purposes of this subdivision, (3) "grantor" is defined as~~ means the person creating  
138.2 or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written  
138.3 instrument or through the exercise of a power of appointment.

138.4 (g) Noncontiguous land is included as part of a homestead under this subdivision, only  
138.5 if the homestead is classified as class 2a, as defined in section 273.13, subdivision 23, and  
138.6 the detached land is located in the same township or city, or not farther than four townships  
138.7 or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous  
138.8 lands must notify the county assessor that the noncontiguous land is part of the taxpayer's  
138.9 homestead, and, if the homestead is located in another county, the taxpayer must also notify  
138.10 the assessor of the other county.

138.11 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
138.12 2020.

138.13 Sec. 21. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision  
138.14 to read:

138.15 Subd. 23. **Fractional homesteads.** In the case of property that is classified as part  
138.16 homestead and part nonhomestead solely because not all the owners occupy or farm the  
138.17 property, not all the owners have qualifying relatives occupying or farming the property,  
138.18 or not all the spouses of owners occupy the property, the portions of property classified as  
138.19 part homestead and part nonhomestead must correspond to the ownership percentages that  
138.20 each owner has in the property, as determined by the land records in the county recorder's  
138.21 office or registrar of titles. If the ownership percentages of each owner cannot be determined  
138.22 by reference to the land records, the portions of property classified as part homestead and  
138.23 part nonhomestead must correspond to the ownership percentages each owner would have  
138.24 if they each owned an equal share of the property.

138.25 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2019.

138.26 Sec. 22. Minnesota Statutes 2018, section 273.1245, subdivision 2, is amended to read:

138.27 Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to  
138.28 the commissioner of revenue as provided by law. The assessor shall also disclose all or  
138.29 portions of the data described in subdivision 1 to:

138.30 (1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture  
138.31 Act to recover personal property taxes owing; and

139.1 (2) the county veterans service officer for the purpose of determining a person's eligibility  
139.2 for the disabled veteran's homestead market value exclusion under section 273.13, subdivision  
139.3 34.

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

139.5 Sec. 23. **[273.129] ELDERLY LIVING FACILITY DEFERRAL.**

139.6 Subdivision 1. **Requirements.** An elderly living facility is eligible for tax deferral  
139.7 under this section if it meets all of the following requirements:

139.8 (1) the facility is located in a city of the first class with a population of fewer than  
139.9 110,000;

139.10 (2) the facility is owned and operated by a nonprofit organization organized under section  
139.11 501(c)(3) of the Internal Revenue Code;

139.12 (3) construction of the facility was completed between January 1, 1963, and January 1,  
139.13 1964;

139.14 (4) the facility has a housing with services license under chapter 144D and a  
139.15 comprehensive home care license under chapter 144A;

139.16 (5) residents of the facility must be (i) at least 62 years of age, or (ii) disabled; and

139.17 (6) at least 30 percent of the units in the facility are occupied by persons whose annual  
139.18 income does not exceed 50 percent of the median family income for the area.

139.19 Subd. 2. **Deferral of taxes.** Property meeting the requirements of subdivision 1 must,  
139.20 upon timely application by the owner in the manner provided in subdivision 3, be treated  
139.21 as exempt property as defined in section 272.02. However, the assessor must make a separate  
139.22 determination of market value of such property and the tax based upon the appropriate tax  
139.23 rate applicable to such property in the taxing district must be recorded on the property  
139.24 assessment records.

139.25 Subd. 3. **Application.** Application for the deferral of taxes under this section must be  
139.26 filed by December 1 of the year prior to the year in which the taxes are payable. Any  
139.27 application filed under this subdivision and granted shall continue in effect for subsequent  
139.28 years until the property no longer qualifies. The application must be filed with the assessor  
139.29 in the taxing district in which the property is located on the form prescribed by the  
139.30 commissioner of revenue.

139.31 Subd. 4. **Payment of taxes.** Property receiving the tax deferral under this section  
139.32 continues to qualify until it is sold, transferred, or no longer qualifies under subdivision 1.

140.1 The portion of the property that is sold, transferred, or no longer qualifying under subdivision  
140.2 1 is subject to taxes in the amount equal to the tax that would have been due on the property  
140.3 had it not been treated as exempt property under subdivision 2. These taxes must be extended  
140.4 against the property for taxes payable in the current year, plus the four prior years, to the  
140.5 extent that the property has qualified for a tax deferral under this section. No interest or  
140.6 penalties shall be levied on the taxes due under this subdivision if timely paid.

140.7 Subd. 5. **Lien.** The taxes imposed by this section are a lien upon the property assessed  
140.8 to the same extent and for the same duration as other taxes imposed on the property in this  
140.9 state. The tax shall be annually extended by the county auditor and if and when payable  
140.10 shall be collected and distributed in the manner provided by law for the collection and  
140.11 distribution of other property taxes.

140.12 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
140.13 in 2020.

140.14 Sec. 24. Minnesota Statutes 2018, section 273.13, subdivision 23, is amended to read:

140.15 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
140.16 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
140.17 2a land under the same ownership. The market value of the house and garage and immediately  
140.18 surrounding one acre of land has the same classification rates as class 1a or 1b property  
140.19 under subdivision 22. The value of the remaining land including improvements up to the  
140.20 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
140.21 percent of market value. The remaining property over the first tier has a classification rate  
140.22 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
140.23 limit of agricultural homestead property" and "first tier" means the limit certified under  
140.24 section 273.11, subdivision 23.

140.25 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
140.26 are agricultural land and buildings. Class 2a property has a classification rate of one percent  
140.27 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
140.28 property must also include any property that would otherwise be classified as 2b, but is  
140.29 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
140.30 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
140.31 and other similar land that is impractical for the assessor to value separately from the rest  
140.32 of the property or that is unlikely to be able to be sold separately from the rest of the property.

140.33 An assessor may classify the part of a parcel described in this subdivision that is used  
140.34 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

141.1 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
141.2 are unplatted real estate, rural in character and not used for agricultural purposes, including  
141.3 land used for growing trees for timber, lumber, and wood and wood products, that is not  
141.4 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
141.5 defined by the commissioner of revenue does not disqualify the property from classification  
141.6 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
141.7 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
141.8 assigned to the split parcel containing the structure. Class 2b property has a classification  
141.9 rate of one percent of market value unless it is part of an agricultural homestead under  
141.10 paragraph (a), or qualifies as class 2c under paragraph (d).

141.11 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
141.12 acres statewide per taxpayer that is being managed under a forest management plan that  
141.13 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
141.14 management incentive program. It has a classification rate of .65 percent, provided that the  
141.15 owner of the property must apply to the assessor in order for the property to initially qualify  
141.16 for the reduced rate and provide the information required by the assessor to verify that the  
141.17 property qualifies for the reduced rate. If the assessor receives the application and information  
141.18 before May 1 in an assessment year, the property qualifies beginning with that assessment  
141.19 year. If the assessor receives the application and information after April 30 in an assessment  
141.20 year, the property may not qualify until the next assessment year. The commissioner of  
141.21 natural resources must concur that the land is qualified. The commissioner of natural  
141.22 resources shall annually provide county assessors verification information on a timely basis.  
141.23 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
141.24 of revenue does not disqualify the property from classification under this paragraph.

141.25 (e) Agricultural land as used in this section means:

141.26 (1) contiguous acreage of ten acres or more, used during the preceding year for  
141.27 agricultural purposes; or

141.28 (2) contiguous acreage used during the preceding year for an intensive livestock or  
141.29 poultry confinement operation, provided that land used only for pasturing or grazing does  
141.30 not qualify under this clause.

141.31 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
141.32 storage of agricultural products for sale, or the storage of machinery or equipment used in  
141.33 support of agricultural production by the same farm entity. For a property to be classified  
141.34 as agricultural based only on the drying or storage of agricultural products, the products

142.1 being dried or stored must have been produced by the same farm entity as the entity operating  
142.2 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
142.3 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
142.4 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
142.5 or a similar state or federal conservation program if the property was classified as agricultural  
142.6 ~~(i)~~ (A) under this subdivision for taxes payable in 2003 because of its enrollment in a  
142.7 qualifying program and the land remains enrolled or ~~(ii)~~ (B) in the year prior to its enrollment,  
142.8 or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer  
142.9 strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion.  
142.10 For purposes of this section, a "local conservation program" means a program administered  
142.11 by a town, statutory or home rule charter city, or county, including a watershed district,  
142.12 water management organization, or soil and water conservation district, in which landowners  
142.13 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
142.14 exchange for use or other restrictions placed on the land. In order for property to qualify  
142.15 under the local conservation program provision, a taxpayer must apply to the assessor by  
142.16 February 1 of the assessment year and must submit the information required by the assessor,  
142.17 including but not limited to a copy of the program requirements, the specific agreement  
142.18 between the land owner and the local agency, if applicable, and a map of the conservation  
142.19 area. Agricultural classification shall not be based upon the market value of any residential  
142.20 structures on the parcel or contiguous parcels under the same ownership.

142.21 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
142.22 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
142.23 of, a set of contiguous tax parcels under that section that are owned by the same person.

142.24 (f) Agricultural land under this section also includes:

142.25 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
142.26 preceding year for raising or cultivating agricultural products; or

142.27 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the  
142.28 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was  
142.29 used in the preceding year for one or more of the following three uses:

142.30 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
142.31 equipment storage activities used to support agricultural activities on other parcels of property  
142.32 operated by the same farming entity;

142.33 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock  
142.34 are considered agricultural land; or

143.1 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
143.2 means the cultivation of one or more fruits or vegetables or production of animal or other  
143.3 agricultural products for sale to local markets by the farmer or an organization with which  
143.4 the farmer is affiliated.

143.5 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
143.6 described in section 272.193, or all of a set of contiguous tax parcels under that section that  
143.7 are owned by the same person.

143.8 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use  
143.9 of that property is the leasing to, or use by another person for agricultural purposes.

143.10 Classification under this subdivision is not determinative for qualifying under section  
143.11 273.111.

143.12 (h) The property classification under this section supersedes, for property tax purposes  
143.13 only, any locally administered agricultural policies or land use restrictions that define  
143.14 minimum or maximum farm acreage.

143.15 (i) The term "agricultural products" as used in this subdivision includes production for  
143.16 sale of:

143.17 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
143.18 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,  
143.19 and apiary products by the owner;

143.20 (2) aquacultural products for sale and consumption, as defined under section 17.47, if  
143.21 the aquaculture occurs on land zoned for agricultural use;

143.22 (3) the commercial boarding of horses, which may include related horse training and  
143.23 riding instruction, if the boarding is done on property that is also used for raising pasture  
143.24 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

143.25 (4) property which is owned and operated by nonprofit organizations used for equestrian  
143.26 activities, excluding racing;

143.27 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
143.28 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
143.29 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
143.30 birds were raised or used for breeding stock on the property during the preceding year and  
143.31 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
143.32 shooting preserve licensed under section 97A.115;

- 144.1 (6) insects primarily bred to be used as food for animals;
- 144.2 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
144.3 for timber, lumber, wood, or wood products; and
- 144.4 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
144.5 Department of Agriculture under chapter 28A as a food processor.
- 144.6 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
144.7 purposes, including but not limited to:
- 144.8 (1) wholesale and retail sales;
- 144.9 (2) processing of raw agricultural products or other goods;
- 144.10 (3) warehousing or storage of processed goods; and
- 144.11 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
144.12 (3),
- 144.13 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
144.14 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.
- 144.15 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
144.16 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
144.17 products are grown that is also used for the conduct of retail sales must be classified as  
144.18 agricultural if it is primarily used for the growing of horticultural or nursery products from  
144.19 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
144.20 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
144.21 products does not qualify as an agricultural purpose.
- 144.22 (k) The assessor shall determine and list separately on the records the market value of  
144.23 the homestead dwelling and the one acre of land on which that dwelling is located. If any  
144.24 farm buildings or structures are located on this homesteaded acre of land, their market value  
144.25 shall not be included in this separate determination.
- 144.26 (l) Class 2d airport landing area consists of a landing area or public access area of a  
144.27 privately owned public use airport. It has a classification rate of one percent of market value.  
144.28 To qualify for classification under this paragraph, a privately owned public use airport must  
144.29 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing  
144.30 area" means that part of a privately owned public use airport properly cleared, regularly  
144.31 maintained, and made available to the public for use by aircraft and includes runways,  
144.32 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing



145.1 area also includes land underlying both the primary surface and the approach surfaces that  
145.2 comply with all of the following:

145.3 (i) the land is properly cleared and regularly maintained for the primary purposes of the  
145.4 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities  
145.5 for servicing, repair, or maintenance of aircraft is not included as a landing area;

145.6 (ii) the land is part of the airport property; and

145.7 (iii) the land is not used for commercial or residential purposes.

145.8 The land contained in a landing area under this paragraph must be described and certified  
145.9 by the commissioner of transportation. The certification is effective until it is modified, or  
145.10 until the airport or landing area no longer meets the requirements of this paragraph. For  
145.11 purposes of this paragraph, "public access area" means property used as an aircraft parking  
145.12 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
145.13 airport.

145.14 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
145.15 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
145.16 located in a county that has elected to opt-out of the aggregate preservation program as  
145.17 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
145.18 market value. To qualify for classification under this paragraph, the property must be at  
145.19 least ten contiguous acres in size and the owner of the property must record with the county  
145.20 recorder of the county in which the property is located an affidavit containing:

145.21 (1) a legal description of the property;

145.22 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
145.23 actively being mined but is present on the entire parcel enrolled;

145.24 (3) documentation that the conditional use under the county or local zoning ordinance  
145.25 of this property is for mining; and

145.26 (4) documentation that a permit has been issued by the local unit of government or the  
145.27 mining activity is allowed under local ordinance. The disclosure must include a statement  
145.28 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
145.29 and certifying that it is a commercial aggregate deposit.

145.30 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
145.31 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as  
145.32 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
145.33 in preparation for excavation or excavation of a commercial deposit.

146.1 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
146.2 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
146.3 day any aggregate is removed stating the number of acres of the property that is actively  
146.4 being mined. The acres actively being mined must be (1) valued and classified under  
146.5 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
146.6 resource preservation property tax program under section 273.1115, if the land was enrolled  
146.7 in that program. Copies of the original affidavit and all supplemental affidavits must be  
146.8 filed with the county assessor, the local zoning administrator, and the Department of Natural  
146.9 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
146.10 time a subsequent portion of the property is actively mined, provided that the minimum  
146.11 acreage change is five acres, even if the actual mining activity constitutes less than five  
146.12 acres.

146.13 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not  
146.14 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in  
146.15 section 14.386 concerning exempt rules do not apply.

146.16 **EFFECTIVE DATE.** This section is effective for assessment year 2019 and thereafter.

146.17 Sec. 25. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

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

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

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

146.30 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
146.31 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds  
146.32 the legal or beneficial title to the homestead and permanently resides there, the exclusion  
146.33 shall carry over to the benefit of the veteran's spouse ~~for the current taxes payable year and~~

147.1 ~~for eight additional taxes payable years or~~ until such time as the spouse remarries, or sells,  
147.2 transfers, or otherwise disposes of the property, ~~whichever comes first~~ except as otherwise  
147.3 provided in paragraph (n). Qualification under this paragraph requires an application under  
147.4 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's  
147.5 marital status, ownership of the property, or use of the property as a permanent residence.

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

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

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

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

147.23 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
147.24 apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the  
147.25 exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion  
147.26 shall become effective for the following assessment year. Except as provided in paragraph  
147.27 (c), the owner of a property that has been accepted for a valuation exclusion must notify  
147.28 the assessor if there is a change in ownership of the property or in the use of the property  
147.29 as a homestead. When a property qualifying for a market value exclusion under this  
147.30 subdivision is sold or transferred, the exclusion must be removed for the current assessment  
147.31 year, provided that the new owner may file a claim for an exclusion if eligible.

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

147.34 (j) For purposes of this subdivision:

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

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

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

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

148.8 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
148.9 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
148.10 under paragraph (b), clause (2), ~~for eight taxes payable years or~~ until the spouse remarries  
148.11 or sells, transfers, or otherwise disposes of the property, except as otherwise provided in  
148.12 paragraph (n), if:

148.13 (1) the spouse files a first-time application within two years of the death of the service  
148.14 member or by June 1, 2019, whichever is later;

148.15 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
148.16 homestead and permanently resides there;

148.17 (3) the veteran met the honorable discharge requirements of paragraph (a); and

148.18 (4) the United States Department of Veterans Affairs certifies that:

148.19 (i) the veteran met the total (100 percent) and permanent disability requirement under  
148.20 paragraph (b), clause (2); or

148.21 (ii) the spouse has been awarded dependency and indemnity compensation.

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

148.26 (m) By July 1 for current enrollees and by December 15 for new applications, the county  
148.27 veterans service officer must certify the disability rating and permanent address of each  
148.28 veteran receiving the benefit under paragraph (b) to the assessor.

148.29 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds  
148.30 the legal or beneficial title to the property may continue to receive the exclusion for a  
148.31 property other than the property for which the exclusion was initially granted until the spouse  
148.32 remarries or sells, transfers, or otherwise disposes of the property, provided that:

149.1 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed  
149.2 under this paragraph;

149.3 (2) the spouse holds the legal or beneficial title to the property for which the continuation  
149.4 of the exclusion is sought under this paragraph, and permanently resides there;

149.5 (3) the estimated market value of the property for which the exclusion is sought under  
149.6 this paragraph is less than or equal to the estimated market value of the property that first  
149.7 received the exclusion, based on the value of each property on the date of the sale of the  
149.8 property that first received the exclusion; and

149.9 (4) the spouse has not previously received the benefit under this paragraph for a property  
149.10 other than the property for which the exclusion is sought.

149.11 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2019, for  
149.12 taxes payable in 2020.

149.13 Sec. 26. Minnesota Statutes 2018, section 273.13, subdivision 35, is amended to read:

149.14 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
149.15 net tax capacity under this section, property classified as class 1a or 1b under subdivision  
149.16 22, and the portion of property classified as class 2a under subdivision 23 consisting of the  
149.17 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion  
149.18 as determined under paragraph (b).

149.19 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market  
149.20 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400  
149.21 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or  
149.22 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest  
149.23 whole dollar, and may not be less than zero.

149.24 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
149.25 to determining the amount of the valuation exclusion under this subdivision.

149.26 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
149.27 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
149.28 of a property is classified as nonhomestead solely because not all the owners occupy the  
149.29 property, not all the owners have qualifying relatives occupying the property, or solely  
149.30 because not all the spouses of owners occupy the property, the exclusion amount shall be  
149.31 initially computed as if that nonhomestead portion were also in the homestead class and  
149.32 then prorated to the owner-occupant's percentage of ownership, as determined by the land  
149.33 records in the county recorder's office or registrar of titles. For the purpose of this section,

150.1 when an owner-occupant's spouse does not occupy the property, the percentage of ownership  
150.2 for the owner-occupant spouse is one-half of the couple's ownership percentage.

150.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

150.4 Sec. 27. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

150.5 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall  
150.6 determine, not later than April 1 of each year, the amount of reduction resulting from section  
150.7 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph  
150.8 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~  
150.9 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section  
150.10 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~  
150.11 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall  
150.12 submit to the St. Louis County auditor, on or before April 15, the amount of the first half  
150.13 payment payable hereunder and on or before September 15 the amount of the second half  
150.14 payment.

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

150.16 Sec. 28. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

150.17 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural  
150.18 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural  
150.19 credit. The credit is computed using the property's agricultural credit market value, defined  
150.20 for this purpose as the property's market value excluding the market value of the house,  
150.21 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of  
150.22 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the  
150.23 property's agricultural credit market value in excess of \$115,000, subject to a maximum  
150.24 credit of \$490. In the case of property that is classified as part homestead and part  
150.25 nonhomestead solely because not all the owners occupy or farm the property, not all the  
150.26 owners have qualifying relatives occupying or farming the property, or solely because not  
150.27 all the spouses of owners occupy the property, the credit is computed on the amount of  
150.28 agricultural credit market value corresponding to the owner-occupant's percentage of  
150.29 ~~homestead. the percentage of homestead is equal to 100 divided by the number of owners~~  
150.30 ~~of the property, or, in the case of a trust, the number of grantors of the trust that owns the~~  
150.31 ~~property ownership,~~ as determined by the land records in the county recorder's office or  
150.32 registrar of titles.

150.33 **EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

151.1 Sec. 29. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

151.2 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
 151.3 allowed under subdivision 2 within the county for each taxes payable year and shall certify  
 151.4 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
 151.5 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause  
 151.6 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The  
 151.7 commissioner shall review the certifications for accuracy, and may make such changes as  
 151.8 are deemed necessary, or return the certification to the county auditor for correction. The  
 151.9 credit under this section must be used to proportionately reduce the net tax capacity-based  
 151.10 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

151.12 Sec. 30. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

151.13 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
 151.14 allowed under this section within the county for each taxes payable year and shall certify  
 151.15 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
 151.16 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year  
 151.17 adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall  
 151.18 review the certifications for accuracy, and may make such changes as are deemed necessary,  
 151.19 or return the certification to the county auditor for correction. The credit under this section  
 151.20 must be used to reduce the school district net tax capacity-based property tax as provided  
 151.21 in section 273.1393.

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

151.23 Sec. 31. Minnesota Statutes 2018, section 273.18, is amended to read:

151.24 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**  
 151.25 **BY COUNTY AUDITORS.**

151.26 (a) In every sixth year after the year 2010, the county auditor shall enter the description  
 151.27 of each tract of real property exempt by law from taxation, with the name of the owner, and  
 151.28 the assessor shall value and assess the same in the same manner that other real property is  
 151.29 valued and assessed, and shall designate in each case the purpose for which the property is  
 151.30 used.

151.31 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~  
 151.32 ~~7,~~ The county auditor shall include ~~on the abstract of assessment of exempt real property~~

152.1 ~~filed under this section~~ in the exempt property information that the commissioner may  
 152.2 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all  
 152.3 natural resources lands for which in lieu payments are made under sections 477A.11 to  
 152.4 477A.14. The assessor shall estimate its market value, provided that if the assessor is not  
 152.5 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish  
 152.6 the commissioner of revenue with an estimate of the average value per acre of this land  
 152.7 within the county.

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

152.9 Sec. 32. Minnesota Statutes 2018, section 274.14, is amended to read:

152.10 **274.14 LENGTH OF SESSION; RECORD.**

152.11 The board must meet after the second Friday in June on at least one meeting day and  
 152.12 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained  
 152.13 on the valuation notices mailed to each property owner in the county as provided in section  
 152.14 273.121. For this purpose, "meeting days" is defined as any day of the week excluding  
 152.15 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken  
 152.16 by the county board of review after June 30 is valid, except for corrections permitted in  
 152.17 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the  
 152.18 proceedings and orders of the board. The record must be published like other proceedings  
 152.19 of county commissioners. A copy of the published record must be sent to the commissioner  
 152.20 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days  
 152.21 following final action of the county board of equalization.

152.22 For counties that conduct either regular board of review meetings or open book meetings,  
 152.23 at least one of the meeting days must include a meeting that does not end before 7:00 p.m.  
 152.24 For counties that require taxpayer appointments for the board of review, appointments must  
 152.25 include some available times that extend until at least 7:00 p.m. The county may have a  
 152.26 Saturday meeting in lieu of, or in addition to, the extended meeting times under this  
 152.27 paragraph.

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

152.29 Sec. 33. Minnesota Statutes 2018, section 274.16, is amended to read:

152.30 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

152.31 The county assessor or, in Ramsey County, the official designated by the board of county  
 152.32 commissioners shall calculate the changes of the assessment lists determined by the county



153.1 board of equalization, and make corrections accordingly, in the real or personal lists, or  
153.2 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's  
153.3 office, and one must be forwarded to the commissioner of revenue as provided in section  
153.4 270C.89.

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

153.6 Sec. 34. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

153.7 Subdivision 1. **Levy amount.** The state general levy is levied against  
153.8 commercial-industrial property and seasonal residential recreational property, as defined  
153.9 in this section. The state general levy for commercial-industrial property is ~~\$784,590,000~~,  
153.10 for taxes payable in ~~2018~~ 2020 and thereafter, 42.416 percent times the total  
153.11 commercial-industrial tax capacity as assessed in the previous year. The state general levy  
153.12 for seasonal-recreational property is \$44,190,000 for taxes payable in 2018 and thereafter.  
153.13 The tax under this section is not treated as a local tax rate under section 469.177 and is not  
153.14 the levy of a governmental unit under chapters 276A and 473F.

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

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

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

153.22 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
153.23 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~  
153.24 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~  
153.25 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

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

153.28 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
153.29 in 2020, except the amendments to clause (3) are effective the day following final enactment.

154.1 Sec. 35. Minnesota Statutes 2018, section 282.01, subdivision 6, is amended to read:

154.2 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the  
154.3 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the  
154.4 commissioner of revenue such information relating to such sale, on such forms as the  
154.5 commissioner of revenue may prescribe as will enable the commissioner of revenue to  
154.6 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is  
154.7 on terms; and not later than October 31 of each year the county auditor shall submit to the  
154.8 commissioner of revenue a statement of all instances wherein any payment of principal,  
154.9 interest, or current taxes on lands held under certificate, due or to be paid during the preceding  
154.10 calendar years, are still outstanding at the time such certificate is made. When such statement  
154.11 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue  
154.12 may instruct the county board of the county in which the land is located to cancel said  
154.13 certificate of sale in the manner provided by subdivision 5, provided that upon  
154.14 recommendation of the county board, and where the circumstances are such that the  
154.15 commissioner of revenue after investigation is satisfied that the purchaser has made every  
154.16 effort reasonable to make payment of both the annual installment and said taxes, and that  
154.17 there has been no willful neglect on the part of the purchaser in meeting these obligations,  
154.18 then the commissioner of revenue may extend the time for the payment for such period as  
154.19 the commissioner may deem warranted, not to exceed one year. On payment in full of the  
154.20 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the  
154.21 attorney general, shall be issued by the commissioner of revenue, which conveyance must  
154.22 be recorded by the county and shall have the force and effect of a patent from the state  
154.23 subject to easements and restrictions of record at the date of the tax judgment sale, including,  
154.24 but without limitation, permits for telephone and electric power lines either by underground  
154.25 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for  
154.26 gas, liquids, or solids in suspension.

154.27 (b) The commissioner of revenue shall issue an appropriate conveyance in fee when  
154.28 approval from the county auditor is given based upon written confirmation from a licensed  
154.29 closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes  
154.30 of this paragraph, "written confirmation" means a written commitment or approval that the  
154.31 funding for the conveyance is held in an escrow account available for disbursement upon  
154.32 delivery of a conveyance. The conveyance issued by the commissioner of revenue shall not  
154.33 be effective as a conveyance until it is recorded. The conveyance shall be issued to the  
154.34 county auditor where the land is located. Upon receipt of the conveyance, the county auditor  
154.35 shall hold the conveyance until the conveyance is requested from a licensed closing agent,

155.1 title insurer, or title insurance agent to settle and close on the conveyance. If a request for  
155.2 the conveyance is not made within 30 days of the date the conveyance is issued by the  
155.3 commissioner of revenue, the county auditor shall return the conveyance to the commissioner.  
155.4 If the conveyance is delivered to the licensed closing agent, title insurer, or title insurance  
155.5 agent and the closing does not occur within ten days of the request, the licensed closing  
155.6 agent, title insurer, or title insurance agent shall immediately return the conveyance to the  
155.7 county auditor and, upon receipt, the county auditor shall return the conveyance to the  
155.8 commissioner of revenue. The commissioner of revenue shall cancel and destroy all  
155.9 conveyances returned by the county auditor pursuant to this subdivision. The licensed closing  
155.10 agent, title insurer, or title insurance agent must promptly record the conveyance after the  
155.11 closing and must deliver an attested or certified copy to the county auditor and to the grantee  
155.12 or grantees named on the conveyance.

155.13 **EFFECTIVE DATE.** This section is effective for conveyances issued by the  
155.14 commissioner of revenue after December 31, 2019.

155.15 Sec. 36. Minnesota Statutes 2018, section 287.21, subdivision 1, is amended to read:

155.16 Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument  
155.17 by which any real property in this state is granted, assigned, transferred, or otherwise  
155.18 conveyed. The tax applies against the net consideration. For purposes of the tax, the  
155.19 conversion of a corporation to a limited liability company, a limited liability company to a  
155.20 corporation, a partnership to a limited partnership, a limited partnership to another limited  
155.21 partnership or other entity, or a similar conversion of one entity to another does not grant,  
155.22 assign, transfer, or convey real property.

155.23 (b) The tax is determined in the following manner: (1) when transfers are made by  
155.24 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is  
155.25 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value  
155.26 of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less,  
155.27 the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or  
155.28 encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net  
155.29 consideration.

155.30 (c) If, within six months from the date of a designated transfer, an ownership interest in  
155.31 the grantee entity is transferred by an initial owner to any person or entity with the result  
155.32 that the designated transfer would not have been a designated transfer if made to the grantee  
155.33 entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration  
155.34 for the designated transfer. If the subsequent transfer of ownership interests was reasonably

156.1 expected at the time of the designated transfer, the applicable penalty under section 287.31,  
156.2 subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30  
156.3 days of the subsequent transfer that caused the tax to be imposed under this paragraph.  
156.4 Involuntary transfers of ownership shall not be considered transfers of ownership under this  
156.5 paragraph. The commissioner may adopt rules defining the types of transfers to be considered  
156.6 involuntary.

156.7 (d) The tax is due at the time a taxable deed or instrument is presented for recording,  
156.8 except as provided in paragraph (c). The commissioner may require the tax to be documented  
156.9 in a manner prescribed by the commissioner, and may require that the documentation be  
156.10 attached to and recorded as part of the deed or instrument. The county recorder or registrar  
156.11 of titles shall accept the attachment for recording as part of the deed or instrument and may  
156.12 not require, as a condition of recording a deed or instrument, evidence that a transfer is a  
156.13 designated transfer in addition to that required by the commissioner. Such an attachment  
156.14 shall not, however, provide actual or constructive notice of the information contained therein  
156.15 for purposes of determining any interest in the real property. The commissioner shall  
156.16 prescribe the manner in which the tax due under paragraph (c) is to be paid and may require  
156.17 grantees of designated transfers to file with the commissioner subsequent statements verifying  
156.18 that the tax provided under paragraph (c) does not apply.

156.19 **EFFECTIVE DATE.** This section is effective for deeds recorded after December 31,  
156.20 2019.

156.21 Sec. 37. Minnesota Statutes 2018, section 290A.03, subdivision 13, is amended to read:

156.22 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
156.23 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
156.24 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
156.25 and any other state paid property tax credits in any calendar year, and after any refund  
156.26 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
156.27 year that the property tax is payable. In the case of a claimant who makes ground lease  
156.28 payments, "property taxes payable" includes the amount of the payments directly attributable  
156.29 to the property taxes assessed against the parcel on which the house is located. Regardless  
156.30 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
156.31 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead  
156.32 for a business purpose if the claimant deducts any business depreciation expenses for the  
156.33 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
156.34 Revenue Code for a business operated in the claimant's homestead. For homesteads which

157.1 are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads~~  
157.2 ~~which are~~ including manufactured homes located in a manufactured home community owned  
157.3 by a cooperative organized under chapter 308A or 308B, and park trailers taxed as  
157.4 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall  
157.5 also include 17 percent of the gross rent paid in the preceding year for the site on which the  
157.6 homestead is located. When a homestead is owned by two or more persons as joint tenants  
157.7 or tenants in common, such tenants shall determine between them which tenant may claim  
157.8 the property taxes payable on the homestead. If they are unable to agree, the matter shall  
157.9 be referred to the commissioner of revenue whose decision shall be final. Property taxes  
157.10 are considered payable in the year prescribed by law for payment of the taxes.

157.11 In the case of a claim relating to "property taxes payable," the claimant must have owned  
157.12 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
157.13 property must have been classified as homestead property pursuant to section 273.124, on  
157.14 or before December 15 of the assessment year to which the "property taxes payable" relate;  
157.15 or (ii) the claimant must provide documentation from the local assessor that application for  
157.16 homestead classification has been made on or before December 15 of the year in which the  
157.17 "property taxes payable" were payable and that the assessor has approved the application.

157.18 **EFFECTIVE DATE.** This section is effective beginning with claims for tax payable  
157.19 in 2020.

157.20 Sec. 38. Minnesota Statutes 2018, section 290B.04, subdivision 1, is amended to read:

157.21 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications  
157.22 under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes.  
157.23 Applications are due on or before ~~July~~ November 1 for deferral of any of the following  
157.24 year's property taxes. A taxpayer may request an early notification of approval or denial at  
157.25 any time. The commissioner must notify a taxpayer in writing of the reasons for an  
157.26 application denial and that the application may be amended and resubmitted by the due date  
157.27 specified in this subdivision. A taxpayer may apply in the year in which the taxpayer becomes  
157.28 65 years old, provided that no deferral of property taxes will be made until the calendar  
157.29 year after the taxpayer becomes 65 years old. The application, which shall be prescribed  
157.30 by the commissioner of revenue, shall include the following items and any other information  
157.31 which the commissioner deems necessary:

157.32 (1) the name, address, and Social Security number of the owner or owners;

157.33 (2) a copy of the property tax statement for the current payable year for the homesteaded  
157.34 property;

- 158.1 (3) the initial year of ownership and occupancy as a homestead;
- 158.2 (4) the owner's household income for the previous calendar year; and
- 158.3 (5) information on any mortgage loans or other amounts secured by mortgages or other
- 158.4 liens against the property, for which purpose the commissioner may require the applicant
- 158.5 to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing
- 158.6 on the mortgage loan provided by the mortgage holder. The commissioner may require the
- 158.7 appropriate documents in connection with obtaining and confirming information on unpaid
- 158.8 amounts secured by other liens.

158.9 The application must state that program participation is voluntary. The application must

158.10 also state that the deferred amount depends directly on the applicant's household income,

158.11 and that program participation includes authorization for the annual deferred amount, the

158.12 cumulative deferral and interest that appear on each year's notice prepared by the county

158.13 under subdivision 6, is public data.

158.14 The application must state that program participants may claim the property tax refund

158.15 based on the full amount of property taxes eligible for the refund, including any deferred

158.16 amounts. The application must also state that property tax refunds will be used to offset any

158.17 deferral and interest under this program, and that any other amounts subject to revenue

158.18 recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and

158.19 interest under this program.

158.20 (b) If an application is denied, the applicant must be allowed to correct and resubmit the

158.21 denied application within 90 days of the application deadline. The submission date of the

158.22 resubmitted application is considered to be the same as the submission date of the original

158.23 application.

158.24 ~~(b)~~ (c) As part of the initial application process, the commissioner may require the

158.25 applicant to obtain at the applicant's own cost and submit:

158.26 (1) if the property is registered property under chapter 508 or 508A, a copy of the original

158.27 certificate of title in the possession of the county registrar of titles (sometimes referred to

158.28 as "condition of register"); ~~or~~

158.29 (2) if the property is abstract property, a report prepared by a licensed abstracter showing

158.30 the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien

158.31 notices which were recorded on or after the date of that last deed with respect to the property

158.32 or to the applicant; or

158.33 (3) a copy of a court order transferring title to the applicant.

159.1 The certificate or report under clauses (1) and (2) need not include references to any  
159.2 documents filed or recorded more than 40 years prior to the date of the certification or report.  
159.3 The certification or report must be as of a date not more than 30 days prior to submission  
159.4 of the application.

159.5 The commissioner may also require the county recorder or county registrar of the county  
159.6 where the property is located to provide copies of recorded documents related to the applicant  
159.7 or the property, for which the recorder or registrar shall not charge a fee. The commissioner  
159.8 may use any information available to determine or verify eligibility under this section. The  
159.9 household income from the application is private data on individuals as defined in section  
159.10 13.02, subdivision 12.

159.11 **EFFECTIVE DATE.** This section is effective beginning with applications submitted  
159.12 in 2019, except that paragraphs (b) and (c), clause (3), are effective the day following final  
159.13 enactment and apply to applications resubmitted on or after that date.

159.14 Sec. 39. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

159.15 Subdivision 1. **Determination; payment.** The county auditor shall determine the total  
159.16 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~  
159.17 ~~report~~ those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~  
159.18 ~~under section 275.29~~ to the commissioner under section 270C.85, subdivision 2, clause (4).  
159.19 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The  
159.20 commissioner of revenue, after such review, shall pay the deferred amount of property tax  
159.21 to each county treasurer on or before August 31.

159.22 The county treasurer shall distribute as part of the October settlement the funds received  
159.23 as if they had been collected as a part of the property tax.

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

159.25 Sec. 40. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

159.26 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment  
159.27 financing plan, the auditor of any county in which the district is situated shall, upon request  
159.28 of the authority, certify the original net tax capacity of the tax increment financing district  
159.29 and that portion of the district overlying any subdistrict as described in the tax increment  
159.30 financing plan and shall certify in each year thereafter the amount by which the original net  
159.31 tax capacity has increased or decreased as a result of a change in tax exempt status of  
159.32 property within the district and any subdistrict, reduction or enlargement of the district or

160.1 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after  
160.2 receipt of the request and sufficient information to identify the parcels included in the district.  
160.3 The certification relates to the taxes payable year as provided in subdivision 6.

160.4 (b) If the classification under section 273.13 of property located in a district changes to  
160.5 a classification that has a different assessment ratio, the original net tax capacity of that  
160.6 property must be redetermined at the time when its use is changed as if the property had  
160.7 originally been classified in the same class in which it is classified after its use is changed.

160.8 (c) The amount to be added to the original net tax capacity of the district as a result of  
160.9 previously tax exempt real property within the district becoming taxable equals the net tax  
160.10 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information  
160.11 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that  
160.12 assessment was made more than one year prior to the date of title transfer rendering the  
160.13 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If  
160.14 improvements are made to tax exempt property after the municipality approves the district  
160.15 and before the parcel becomes taxable, the assessor shall, at the request of the authority,  
160.16 separately assess the estimated market value of the improvements. If the property becomes  
160.17 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the  
160.18 parcel, excluding the separately assessed improvements. If substantial taxable improvements  
160.19 were made to a parcel after certification of the district and if the property later becomes tax  
160.20 exempt, in whole or part, as a result of the authority acquiring the property through  
160.21 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result  
160.22 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a  
160.23 result of the property again becoming taxable is the amount of the parcel's value that was  
160.24 included in original net tax capacity when the parcel was first certified. The amount to be  
160.25 added to the original net tax capacity of the district as a result of enlargements equals the  
160.26 net tax capacity of the added real property as most recently certified by the commissioner  
160.27 of revenue as of the date of modification of the tax increment financing plan pursuant to  
160.28 section 469.175, subdivision 4.

160.29 (d) If the net tax capacity of a property increases because the property no longer qualifies  
160.30 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open  
160.31 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,  
160.32 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because  
160.33 platted, unimproved property is improved or market value is increased after approval of the  
160.34 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be  
160.35 added to the original net tax capacity. If the net tax capacity of a property increases because



161.1 the property no longer qualifies for the homestead market value exclusion under section  
161.2 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax  
161.3 capacity if the original construction of the affected home was completed before the date the  
161.4 assessor certified the original net tax capacity of the district.

161.5 (e) The amount to be subtracted from the original net tax capacity of the district as a  
161.6 result of previously taxable real property within the district becoming tax exempt or  
161.7 qualifying in whole or part for an exclusion from taxable market value, or a reduction in  
161.8 the geographic area of the district, shall be the amount of original net tax capacity initially  
161.9 attributed to the property becoming tax exempt, being excluded from taxable market value,  
161.10 or being removed from the district. If the net tax capacity of property located within the tax  
161.11 increment financing district is reduced by reason of a court-ordered abatement, stipulation  
161.12 agreement, voluntary abatement made by the assessor or auditor or by order of the  
161.13 commissioner of revenue, the reduction shall be applied to the original net tax capacity of  
161.14 the district when the property upon which the abatement is made has not been improved  
161.15 since the date of certification of the district and to the captured net tax capacity of the district  
161.16 in each year thereafter when the abatement relates to improvements made after the date of  
161.17 certification. The county auditor may specify reasonable form and content of the request  
161.18 for certification of the authority and any modification thereof pursuant to section 469.175,  
161.19 subdivision 4.

161.20 (f) If a parcel of property contained a substandard building or improvements described  
161.21 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if  
161.22 the authority elects to treat the parcel as occupied by a substandard building under section  
161.23 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,  
161.24 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the  
161.25 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated  
161.26 market value of the parcel for the year in which the building or other improvements were  
161.27 demolished or removed, but applying the classification rates for the current year.

161.28 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,  
161.29 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of  
161.30 the land as the original tax capacity for any parcel in the district that contains a building  
161.31 that suffered substantial damage as a result of the disaster or emergency.

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

162.1 Sec. 41. Minnesota Statutes 2018, section 473H.08, subdivision 1, is amended to read:

162.2 Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until ~~either~~  
162.3 the landowner ~~or~~ the authority, or a state agency or governmental unit initiates expiration  
162.4 as provided in this section.

162.5 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
162.6 applies to any agricultural preserve where the previously required eight-year termination  
162.7 period under Minnesota Statutes, section 473H.08, has not yet expired.

162.8 Sec. 42. Minnesota Statutes 2018, section 473H.08, is amended by adding a subdivision  
162.9 to read:

162.10 **Subd. 3a. Expiration for park and trail purposes.** (a) An agricultural preserve expires  
162.11 immediately when a state agency or other governmental unit purchases the property or  
162.12 obtains an easement over the property for the purpose of creating or expanding a public  
162.13 trail or public park. This subdivision applies only to the portion of the agricultural preserve  
162.14 acquired for trail or park purposes, and any portion of the property not acquired for trail or  
162.15 park purposes shall remain an agricultural preserve regardless if the remaining total acreage  
162.16 is below 40 acres.

162.17 (b) The acquiring state agency or governmental unit shall give notice to the authority as  
162.18 provided in subdivision 4. The notice must specify the portion of the property being removed  
162.19 from the agricultural preserve and the date on which that portion expires.

162.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
162.21 applies to any agricultural preserve where the previously required eight-year termination  
162.22 period under Minnesota Statutes, section 473H.08, has not yet expired.

162.23 Sec. 43. Minnesota Statutes 2018, section 473H.08, subdivision 4, is amended to read:

162.24 Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a,  
162.25 or upon notice served by the authority as provided in subdivision 3, the authority shall  
162.26 forward the original notice to the county recorder for recording, or to the registrar of titles  
162.27 if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan  
162.28 Council, and the county soil and water conservation district of the date of expiration.  
162.29 Designation as an agricultural preserve and all benefits and limitations accruing through  
162.30 sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The  
162.31 restrictive covenant contained in the application shall terminate on the date of expiration.

163.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
163.2 applies to any agricultural preserve where the previously required eight-year termination  
163.3 period under Minnesota Statutes, section 473H.08, has not yet expired.

163.4 Sec. 44. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by  
163.5 Laws 2013, chapter 143, article 4, section 35, is amended to read:

163.6 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in 2009,  
163.7 and is repealed effective for taxes levied in ~~2018~~ 2024, payable in ~~2019~~ 2025, and thereafter.

163.8 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

163.9 Sec. 45. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws  
163.10 2013, chapter 143, article 4, section 36, is amended to read:

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

163.20 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
163.21 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
163.22 subdivision 3.

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

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

163.30 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
163.31 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
163.32 subdivision 3.

164.1 Sec. 47. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws  
164.2 2013, chapter 143, article 4, section 37, is amended to read:

164.3 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as  
164.4 provided in this subdivision to pay the costs of providing fire or ambulance services, or  
164.5 both, throughout the district. The board shall annually determine the total amount of the  
164.6 levy that is attributable to the cost of providing fire services and the cost of providing  
164.7 ambulance services within the primary service area. For those municipalities that only  
164.8 receive ambulance services, the costs for the provision of ambulance services shall be levied  
164.9 against taxable property within those municipalities at a rate necessary not to exceed 0.019  
164.10 percent of the estimated market value. For those municipalities that receive both fire and  
164.11 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent  
164.12 of estimated market value. A property tax levied by the district to make debt service payments  
164.13 for obligations issued by the district pursuant to subdivision 4 shall not be included when  
164.14 calculating the tax levy limits imposed in this subdivision.

164.15 When a member municipality opts to receive fire service from the district or an additional  
164.16 municipality becomes a member of the district, the cost of providing fire services to that  
164.17 community shall be determined by the board and added to the maximum levy amount.

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

164.22 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
164.23 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
164.24 subdivision 3.

164.25 Sec. 48. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

164.26 Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided for  
164.27 in Minnesota Statutes, chapter 475, and the district shall be considered a municipality by  
164.28 Minnesota Statutes, chapter 475, when necessary to accomplish its duties., as defined in  
164.29 Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph  
164.30 (c), and may issue certificates of indebtedness or capital notes in the manner provided for  
164.31 a city under Minnesota Statutes, section 412.301, when necessary to accomplish its duties.  
164.32 Any tax levied to pay debt of the district shall be levied in the amounts required and in  
164.33 accordance with Minnesota Statutes, section 475.61. The debt service for debt, the proceeds  
164.34 of which financed capital costs for ambulance service, shall be levied against taxable property

165.1 within those municipalities in the primary service area. The debt service for debt, the proceeds  
165.2 of which financed capital costs for fire service, shall be levied against taxable property  
165.3 within those municipalities receiving fire services.

165.4 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
165.5 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
165.6 subdivision 3.

165.7 Sec. 49. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

165.8 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district  
165.9 may be given only in the month of January, with a minimum of twelve months notice of  
165.10 intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision  
165.11 3 in the year when the notice is given. A property tax levied by the district on taxable  
165.12 property located in a withdrawing municipality to make debt service payments for obligations  
165.13 issued by the district pursuant to subdivision 4 shall remain in effect until the obligations  
165.14 outstanding on the date of withdrawal are satisfied, including any property tax levied in  
165.15 connection with a refunding of such obligations. The district and its members may develop  
165.16 and agree upon other continuing obligations after withdrawal of a municipality.

165.17 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
165.18 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
165.19 subdivision 3.

165.20 Sec. 50. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective  
165.21 date, is amended to read:

165.22 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications and  
165.23 certifications made in 2018 and thereafter, except the repeal of the exclusion of land under  
165.24 item (iii) is effective retroactively for payments due under Minnesota Statutes, section  
165.25 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive  
165.26 payments, the following requirements must be met: (1) the owner of land exceeding 60,000  
165.27 acres that is subject to a single conservation easement funded under Minnesota Statutes,  
165.28 section 97A.056 or a comparable permanent easement conveyed to a governmental or  
165.29 nonprofit entity, must submit an application to the commissioner of revenue, in a form and  
165.30 manner and at a time acceptable to the commissioner, establishing that the affected property  
165.31 and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this  
165.32 section; (2) the owner and each county in which the land is located must certify to the  
165.33 commissioner that no petitions challenging the market value of the property are pending

166.1 under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must  
166.2 be satisfied by October 1, 2017. No interest accrues on payment under this section for  
166.3 periods before November 1, 2017.

166.4 **EFFECTIVE DATE.** This section is effective retroactively for certifications made in  
166.5 2018 and thereafter.

166.6 **Sec. 51. VALUATION METHOD OF STATE-ASSESSED PROPERTY; REPORT.**

166.7 Subdivision 1. **Report.** (a) The commissioner of revenue must prepare a report on the  
166.8 valuation of certain state-assessed property as described in Minnesota Statutes, sections  
166.9 273.33, 273.35, 273.36, 273.37, and 273.3711. The report must include the following  
166.10 information:

166.11 (1) a detailed description of administrative appeals and tax court petitions filed since  
166.12 2012, containing the following information:

166.13 (i) the basis for each appeal and petition;

166.14 (ii) the current stage in the process of each appeal and petition, and if it is resolved,  
166.15 whether it was resolved by an agreement, dismissal, settlement, or judgment;

166.16 (iii) the final valuation and extent to which the market value was increased or reduced  
166.17 under an agreement, settlement, or judgment from an appeal or petition, and if an appeal or  
166.18 petition has not yet reached the final disposition, the report must state the commissioner's  
166.19 or tax court's valuation amounts as of its current stage in the process, whichever is most  
166.20 recent;

166.21 (iv) detail regarding the amount of the commissioner's most recent valuation compared  
166.22 to the taxpayer's opinion of valuation for appeals and petitions that have not yet resulted in  
166.23 a final disposition, if available at its current stage of litigation;

166.24 (v) detail regarding the amount of refund paid by each affected taxing local jurisdiction  
166.25 if the final disposition resulted in the lowering of market value; and

166.26 (vi) detail regarding the potential refund to be paid by each affected local taxing  
166.27 jurisdiction for appeals and petitions that have not yet resulted in a final disposition, as if  
166.28 the final disposition were to result in a finding of market value equal to the taxpayer's opinion  
166.29 of market value;

166.30 (2) an overview of the administrative appeal process, specifically explaining the criteria  
166.31 used by the commissioner to determine an increase or reduction of the original valuation;

167.1 (3) a detailed description of the process by which the commissioner determines  
167.2 preliminary and final valuation orders, including an examination of the form and contents  
167.3 of each order, as well as a description of the time frame for issuing each order in relation  
167.4 to affected local taxing jurisdictions' levy and budget process and options for issuing these  
167.5 valuation orders earlier than current practice; and

167.6 (4) a detailed comparison of the methodology used by the commissioner to administer  
167.7 Rule 8100 to methods used to value utility and pipeline property by other states, including  
167.8 but not limited to two neighboring states and three non-neighboring states.

167.9 Subd. 2. **Report deadline.** The commissioner must provide a copy of the report to the  
167.10 chairs and ranking minority members of the legislative committees with jurisdiction over  
167.11 property taxation by February 1, 2020.

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

167.13 Sec. 52. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

167.14 (a) No later than January 15, 2020, the commissioner of revenue, in consultation with  
167.15 Minnesota Housing Finance Agency and the Department of Human Services, must produce  
167.16 a report on class 4d property, as defined in section 273.13, subdivision 25, and local 4d  
167.17 affordable housing programs. The commissioner must provide a copy of the report to the  
167.18 chairs and ranking minority members of the legislative committees with jurisdiction over  
167.19 property taxation. The report must include the following:

167.20 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,  
167.21 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties  
167.22 under each clause:

167.23 (i) the number of units classified as 4d in each property in the previous assessment year;

167.24 (ii) the number of units not classified as 4d in each property in the previous assessment  
167.25 year;

167.26 (iii) the property tax paid in 2019;

167.27 (iv) the property tax reduction in 2019 resulting from 4d classification;

167.28 (v) the average household income, as a percent, of the area median income, for residents  
167.29 of 4d units; and

167.30 (vi) the total number of units that qualified for 4d in each of the last ten assessment  
167.31 years; and

168.1 (2) a profile of income limits and area median incomes used in Minnesota by the United  
168.2 States Department of Housing and Urban Development to determine eligibility for assisted  
168.3 housing programs.

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

168.5 Sec. 53. **SPECIAL REFUND PROVISION; DISABLED VETERANS HOMESTEAD**  
168.6 **EXCLUSION.**

168.7 A veteran who received a disability rating of 70 percent or more in 2016 or 2017 but  
168.8 did not receive the disabled veterans homestead exclusion for assessment year 2016 or 2017  
168.9 may apply for a refund of taxes paid in 2017 or 2018 if the veteran would have qualified  
168.10 for the benefit in Minnesota Statutes, section 273.13, subdivision 34, paragraph (b), in one  
168.11 or both of those years. To qualify for a refund, a property owner must apply to the assessor  
168.12 by December 15, 2019, and must have paid all tax due in 2017 and 2018. After verifying  
168.13 that the applicant qualified for an exclusion for taxes payable in either or both of those years,  
168.14 the county assessor must notify the county auditor, and the auditor must recalculate the  
168.15 taxes on the property for taxes payable in 2017 and 2018 based on the exclusion the applicant  
168.16 was qualified for. The county treasurer must then issue a refund of tax paid in 2017 and  
168.17 2018 equal to the difference between the taxes as initially calculated for each taxes payable  
168.18 year and the taxes based on the value remaining after the exclusion.

168.19 **EFFECTIVE DATE.** This section is effective for refund applications received in 2019,  
168.20 for refunds of tax paid in 2017 and 2018.

168.21 Sec. 54. **REPEALER.**

168.22 Minnesota Statutes 2018, section 275.29, is repealed.

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

## 168.24 **ARTICLE 6**

### 168.25 **AIDS AND CREDITS**

168.26 Section 1. Minnesota Statutes 2018, section 273.1385, subdivision 4, is amended to read:

168.27 Subd. 4. **Aid termination.** The aid provided under this section ~~terminates on June 30,~~  
168.28 ~~2020.~~ continues until the earlier of:

168.29 (1) the last day of the fiscal year immediately following the fiscal year in which the  
168.30 actuarial value of assets of the general employees retirement plan of the Public Employees



169.1 Retirement Association first equals or exceeds the actuarial accrued liabilities of the plan  
 169.2 as reported in the annual actuarial valuation prepared under section 356.215; or

169.3 (2) June 30, 2048.

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

169.5 Sec. 2. Minnesota Statutes 2018, section 273.1387, subdivision 2, is amended to read:

169.6 Subd. 2. **Credit amount.** For each qualifying property, the school building bond  
 169.7 agricultural credit is equal to ~~40~~ 70 percent of the property's eligible net tax capacity  
 169.8 multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

169.9 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 169.10 in 2020.

169.11 Sec. 3. Minnesota Statutes 2018, section 290A.04, subdivision 2, is amended to read:

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

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
<del>\$0 to 1,619</del>			<del>2,580</del>
<u>\$0 to 1,769</u>	1.0 percent	15 percent	\$ <u>3,020</u>
<del>1,620 to 3,229</del>			<del>2,580</del>
<u>1,770 to 3,529</u>	1.1 percent	15 percent	\$ <u>3,020</u>
<del>3,230 to 4,889</del>			<del>2,580</del>
<u>3,530 to 5,349</u>	1.2 percent	15 percent	\$ <u>3,020</u>
<del>4,890 to 6,519</del>			<del>2,580</del>
<u>5,350 to 7,129</u>	1.3 percent	20 percent	\$ <u>3,020</u>
<del>6,520 to 8,129</del>			<del>2,580</del>
<u>7,130 to 8,899</u>	1.4 percent	20 percent	\$ <u>3,020</u>
<del>8,130 to 11,389</del>			<del>2,580</del>
<u>8,900 to 12,459</u>	1.5 percent	20 percent	\$ <u>3,020</u>
<del>11,390 to 13,009</del>			<del>2,580</del>
<u>12,460 to 14,239</u>	1.6 percent	20 percent	\$ <u>3,020</u>
<del>13,010 to 14,649</del>			<del>2,580</del>
<u>14,240 to 16,029</u>	1.7 percent	20 percent	\$ <u>3,020</u>

170.1	<del>14,650 to 16,269</del>			2,580
170.2	<u>16,030 to 17,799</u>	1.8 percent	20 percent	\$ <u>3,020</u>
170.3	<del>16,270 to 17,879</del>			2,580
170.4	<u>17,800 to 19,569</u>	1.9 percent	25 percent	\$ <u>3,020</u>
170.5	<del>17,880 to 22,779</del>			2,580
170.6	<u>19,570 to 24,929</u>	2.0 percent	25 percent	\$ <u>3,020</u>
170.7	<del>22,780 to 24,399</del>			2,580
170.8	<u>24,930 to 26,699</u>	2.0 percent	30 percent	\$ <u>3,020</u>
170.9	<del>24,400 to 27,659</del>			2,580
170.10	<u>26,700 to 30,269</u>	2.0 percent	30 percent	\$ <u>3,020</u>
170.11	<del>27,660 to 39,029</del>			2,580
170.12	<u>30,270 to 42,709</u>	2.0 percent	35 percent	\$ <u>3,020</u>
170.13	<del>39,030 to 56,919</del>			2,090
170.14	<u>42,710 to 62,279</u>	2.0 percent	35 percent	\$ <u>2,490</u>
170.15	<del>56,920 to 65,049</del>			1,830
170.16	<u>62,280 to 71,179</u>	2.0 percent	40 percent	\$ <u>2,200</u>
170.17	<del>65,050 to 73,189</del>			1,510
170.18	<u>71,180 to 80,089</u>	2.1 percent	40 percent	\$ <u>1,850</u>
170.19	<del>73,190 to 81,319</del>			1,350
170.20	<u>80,090 to 88,979</u>	2.2 percent	40 percent	\$ <u>1,680</u>
170.21	<del>81,320 to 89,449</del>			1,180
170.22	<u>88,980 to 97,879</u>	2.3 percent	40 percent	\$ <u>1,490</u>
170.23	<del>89,450 to 94,339</del>			1,000
170.24	<u>97,880 to 103,229</u>	2.4 percent	45 percent	\$ <u>1,290</u>
170.25	<del>94,340 to 97,609</del>			830
170.26	<u>103,230 to 106,809</u>	2.5 percent	45 percent	\$ <u>1,090</u>
170.27	<del>97,610 to 101,559</del>			680
170.28	<u>106,810 to 111,129</u>	2.5 percent	50 percent	\$ <u>920</u>
170.29	<del>101,560 to 105,499</del>			500
170.30	<u>111,130 to 115,439</u>	2.5 percent	50 percent	\$ <u>730</u>
170.31	<u>115,440 to 119,439</u>	<u>2.6 percent</u>	<u>50 percent</u>	\$ <u>500</u>
170.32	<u>119,440 to 123,439</u>	<u>2.7 percent</u>	<u>50 percent</u>	\$ <u>450</u>
170.33	<u>123,440 to 127,439</u>	<u>2.8 percent</u>	<u>50 percent</u>	\$ <u>400</u>
170.34	<u>127,440 to 131,439</u>	<u>2.9 percent</u>	<u>55 percent</u>	\$ <u>350</u>
170.35	<u>131,440 to 135,439</u>	<u>3.0 percent</u>	<u>55 percent</u>	\$ <u>300</u>
170.36	<u>135,440 to 139,439</u>	<u>3.1 percent</u>	<u>55 percent</u>	\$ <u>250</u>
170.37	<u>139,440 to 143,439</u>	<u>3.2 percent</u>	<u>55 percent</u>	\$ <u>200</u>
170.38	<u>143,440 to 147,439</u>	<u>3.3 percent</u>	<u>55 percent</u>	\$ <u>150</u>
170.39	<u>147,440 to 151,439</u>	<u>3.4 percent</u>	<u>55 percent</u>	\$ <u>100</u>
170.40	<u>151,440 to 155,439</u>	<u>3.5 percent</u>	<u>55 percent</u>	\$ <u>100</u>

170.41 The payment made to a claimant shall be the amount of the state refund calculated under  
170.42 this subdivision. No payment is allowed if the claimant's household income is ~~\$105,500~~  
170.43 \$155,440 or more.

171.1 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes  
 171.2 payable after December 31, 2019.

171.3 Sec. 4. Minnesota Statutes 2018, section 290A.04, subdivision 2a, is amended to read:

171.4 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the  
 171.5 percentage of the household income stated below must pay an amount equal to the percent  
 171.6 of income shown for the appropriate household income level along with the percent to be  
 171.7 paid by the claimant of the remaining amount of rent constituting property taxes. The state  
 171.8 refund equals the amount of rent constituting property taxes that remain, up to the maximum  
 171.9 state refund amount shown below.

171.10				Maximum
171.11			Percent Paid by	State
171.12	Household Income	Percent of Income	Claimant	Refund
171.13	<del>\$0 to 4,909</del>		5	2,000
171.14	<u>\$0 to 5,369</u>	1.0 percent	<u>2.5</u> percent	\$ <u>2,190</u>
171.15	<del>4,910 to 6,529</del>		10	2,000
171.16	<u>5,370 to 7,149</u>	1.0 percent	<u>5</u> percent	\$ <u>2,190</u>
171.17	<del>6,530 to 8,159</del>		10	1,950
171.18	<u>7,150 to 8,929</u>	1.1 percent	<u>5</u> percent	\$ <u>2,130</u>
171.19	<del>8,160 to 11,439</del>		10	1,900
171.20	<u>8,930 to 12,519</u>	1.2 percent	<u>5</u> percent	\$ <u>2,080</u>
171.21	<del>11,440 to 14,709</del>		15	1,850
171.22	<u>12,520 to 16,099</u>	1.3 percent	<u>10</u> percent	\$ <u>2,020</u>
171.23	<del>14,710 to 16,339</del>		15	1,800
171.24	<u>16,100 to 17,879</u>	1.4 percent	<u>10</u> percent	\$ <u>1,970</u>
171.25	<del>16,340 to 17,959</del>		20	1,750
171.26	<u>17,880 to 19,649</u>	1.4 percent	<u>15</u> percent	\$ <u>1,910</u>
171.27	<del>17,960 to 21,239</del>		20	1,700
171.28	<u>19,650 to 23,239</u>	1.5 percent	<u>15</u> percent	\$ <u>1,860</u>
171.29	<del>21,240 to 22,869</del>		20	1,650
171.30	<u>23,240 to 25,029</u>	1.6 percent	<u>15</u> percent	\$ <u>1,810</u>
171.31	<del>22,870 to 24,499</del>		25	1,650
171.32	<u>25,030 to 26,809</u>	1.7 percent	<u>20</u> percent	\$ <u>1,810</u>
171.33	<del>24,500 to 27,779</del>		25	1,650
171.34	<u>26,810 to 30,399</u>	1.8 percent	<u>20</u> percent	\$ <u>1,810</u>
171.35	<del>27,780 to 29,399</del>		30	1,650
171.36	<u>30,400 to 32,169</u>	1.9 percent	<u>25</u> percent	\$ <u>1,810</u>
171.37	<del>29,400 to 34,299</del>		30	1,650
171.38	<u>32,170 to 37,529</u>	2.0 percent	<u>27.5</u> percent	\$ <u>1,810</u>
171.39	<del>34,300 to 39,199</del>		35	1,650
171.40	<u>37,530 to 42,889</u>	2.0 percent	<u>32.5</u> percent	\$ <u>1,810</u>
171.41	<del>39,200 to 45,739</del>		40	1,650
171.42	<u>42,890 to 50,049</u>	2.0 percent	<u>37.5</u> percent	\$ <u>1,810</u>

172.1	<del>45,740 to 47,369</del>		<del>45</del>	<del>1,500</del>
172.2	<u>50,050 to 51,829</u>	2.0 percent	<u>40</u> percent	\$ <u>1,640</u>
172.3	<del>47,370 to 49,009</del>		<del>45</del>	<del>1,350</del>
172.4	<u>51,830 to 53,629</u>	2.0 percent	<u>42.5</u> percent	\$ <u>1,480</u>
172.5	<del>49,010 to 50,649</del>		<del>45</del>	<del>1,150</del>
172.6	<u>53,630 to 55,419</u>	2.0 percent	<u>42.5</u> percent	\$ <u>1,260</u>
172.7	<del>50,650 to 52,269</del>		<del>50</del>	<del>1,000</del>
172.8	<u>55,420 to 57,199</u>	2.0 percent	<u>47.5</u> percent	\$ <u>1,090</u>
172.9	<del>52,270 to 53,909</del>		<del>50</del>	<del>900</del>
172.10	<u>57,200 to 58,989</u>	2.0 percent	<u>47.5</u> percent	\$ <u>980</u>
172.11	<del>53,910 to 55,539</del>			<del>500</del>
172.12	<u>58,990 to 64,999</u>	2.0 percent	50 percent	\$ <u>750</u>
172.13	<del>55,540 to 57,169</del>	<del>2.0 percent</del>	<del>50 percent</del>	\$ <del>200</del>
172.14	<u>65,000 to 67,499</u>	<u>2.0 percent</u>	<u>55 percent</u>	\$ <u>550</u>
172.15	<u>67,500 to 69,999</u>	<u>2.1 percent</u>	<u>55 percent</u>	\$ <u>350</u>
172.16	<u>70,000 to 72,499</u>	<u>2.2 percent</u>	<u>55 percent</u>	\$ <u>250</u>
172.17	<u>72,500 to 74,999</u>	<u>2.3 percent</u>	<u>55 percent</u>	\$ <u>150</u>

172.18 The payment made to a claimant is the amount of the state refund calculated under this  
 172.19 subdivision. No payment is allowed if the claimant's household income is ~~\$57,170~~ \$75,000  
 172.20 or more.

172.21 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after  
 172.22 December 31, 2018.

172.23 Sec. 5. Minnesota Statutes 2018, section 290A.19, is amended to read:

172.24 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE**  
 172.25 **CERTIFICATES.**

172.26 **Subdivision 1. Owner or managing agent to furnish rent certificate.** (a) The owner  
 172.27 or managing agent of any property for which rent is paid for occupancy as a homestead  
 172.28 must furnish a certificate of rent paid to a person who is a renter on December 31, in the  
 172.29 form prescribed by the commissioner. If the renter moves before December 31, the owner  
 172.30 or managing agent may give the certificate to the renter at the time of moving, or mail the  
 172.31 certificate to the forwarding address if an address has been provided by the renter. The  
 172.32 certificate must be made available to the renter before February 1 of the year following the  
 172.33 year in which the rent was paid. The owner or managing agent must retain a duplicate of  
 172.34 each certificate or an equivalent record showing the same information for a period of three  
 172.35 years. The duplicate or other record must be made available to the commissioner upon  
 172.36 request.

173.1 (b) The commissioner may require the owner or managing agent, through a simple  
173.2 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
173.3 rent paid furnished to a renter for rent paid in the prior year,~~in~~. The commissioner shall  
173.4 prescribe the content, format, and manner prescribed by the commissioner of the form  
173.5 pursuant to section 270C.30. Prior to implementation, the commissioner, after consulting  
173.6 with representatives of owners or managing agents, shall develop an implementation and  
173.7 administration plan for the requirements of this paragraph that attempts to minimize financial  
173.8 burdens, administration and compliance costs, and takes into consideration existing systems  
173.9 of owners and managing agents.

173.10 (c) For the purposes of this section, "owner" includes a park owner as defined under  
173.11 section 327C.01, subdivision 6, and "property" includes a lot as defined under section  
173.12 327C.01, subdivision 3.

173.13 (d) Beginning with certificates of rent paid for 2021 rents, an owner or managing agent  
173.14 must furnish certificates of rent paid that were created using the system developed under  
173.15 subdivision 3 or provide equivalent data to the commissioner in a form and manner approved  
173.16 by the commissioner. The commissioner must retain data collected under this paragraph at  
173.17 least as long as is necessary to ensure compliance with this chapter. Data gathered under  
173.18 this paragraph are return information, as defined in section 270B.02.

173.19 Subd. 2. Rental market information. (a) Beginning with certificates of rent paid for  
173.20 2021 rents, an owner or managing agent must submit the following data elements to the  
173.21 commissioner about any property for which the owner or managing agent provides a  
173.22 certificate of rent paid under subdivision 1:

173.23 (1) the number of bedrooms in the rental unit;

173.24 (2) whether utilities are included in the rent amount reported;

173.25 (3) whether the renter paid a different rent amount than the market rate due to a subsidy;  
173.26 and

173.27 (4) the city, county, and five-digit zip code of the rental unit.

173.28 (b) An owner or managing agent may submit the data using the electronic system  
173.29 developed under subdivision 3, or provide equivalent data in a form and manner approved  
173.30 by the commissioner.

173.31 (c) The commissioner must retain data collected through the system at least as long as  
173.32 is necessary to prepare the annual report required under section 290A.29. Data collected  
173.33 under this subdivision are return information, as defined in section 270B.02.

174.1 (d) Notwithstanding paragraph (a), an owner or managing agent is not required to provide  
174.2 the data elements in paragraph (a) if equivalent data is available from a publicly accessible  
174.3 source, including a data source from the United States Census Bureau or the United States  
174.4 Department of Housing and Urban Development.

174.5 Subd. 3. **Electronic system for certificates of rent paid.** (a) The commissioner must  
174.6 develop and implement an electronic system for generating certificates of rent paid. The  
174.7 system must allow an owner or managing agent to enter the information necessary to generate  
174.8 a certificate of rent paid, and use the information provided to create a completed certificate  
174.9 for distribution to renters. An owner or managing agent is responsible for furnishing the  
174.10 certificate to a renter in accordance with subdivision 1. The system must be available by  
174.11 January 1, 2021, for use for certificates of rent paid for 2020 rents.

174.12 (b) In addition to any information required by the commissioner to administer the renter's  
174.13 credit program and ensure compliance with this chapter, the system developed under this  
174.14 subdivision must be capable of capturing the rental market information required under  
174.15 subdivision 2.

174.16 **EFFECTIVE DATE.** (a) The amendments to subdivisions 1 and 2 are effective for  
174.17 refunds based on rents paid in 2021 and following years.

174.18 (b) Subdivision 3 is effective July 1, 2019.

174.19 Sec. 6. **[290A.29] ANNUAL REPORT ON RENTS PAID IN MINNESOTA.**

174.20 (a) Using data collected under section 290A.19, subdivision 2, the commissioner must  
174.21 annually prepare and publish a report on rents in Minnesota. The report must provide  
174.22 aggregated summary data on rents, broken out by number of bedrooms, county, and other  
174.23 significant geographical regions. At a minimum, the report must describe:

174.24 (1) average and median rent amounts paid in the most recent year for which data is  
174.25 available; and

174.26 (2) to the extent data is available, year-to-year changes in the amount of rent paid.

174.27 (b) By March 15, 2022, and March 15 of each following year, the commissioner must  
174.28 submit the report to the chairs and ranking members of the house and senate committees  
174.29 with jurisdiction over taxes, property taxes, and housing policy.

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

175.1 Sec. 7. Minnesota Statutes 2018, section 298.225, subdivision 1, is amended to read:

175.2 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),  
175.3 the distribution of the taconite production tax as provided in section 298.28, subdivisions  
175.4 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

175.5 (1) the amount distributed pursuant to this section and section 298.28, with respect to  
175.6 1983 production if the production for the year prior to the distribution year is no less than  
175.7 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount  
175.8 of the distributions shall be reduced proportionately at the rate of two percent for each  
175.9 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000  
175.10 tons; or

175.11 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs  
175.12 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this  
175.13 section and section 298.28, with respect to 1983 production;

175.14 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)  
175.15 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,  
175.16 with respect to 1983 production provided that the aid guarantee for distributions under  
175.17 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton  
175.18 for production years 2014 and thereafter.

175.19 (b) The distribution of the taconite production tax as provided in section 298.28,  
175.20 subdivision 2, shall equal the following amount:

175.21 (1) if the production for the year prior to the distribution year is at least 42,000,000  
175.22 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
175.23 to 1999 production; or

175.24 (2) if the production for the year prior to the distribution year is less than 42,000,000  
175.25 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
175.26 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000  
175.27 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

175.28 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,  
175.29 paragraph (a), must equal the amount distributed under 298.28, with respect to 1983  
175.30 production.

175.31 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

176.1 Sec. 8. Minnesota Statutes 2018, section 298.28, subdivision 3, is amended to read:

176.2 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under  
176.3 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account  
176.4 to be distributed as provided in section 298.282. The amount allocated to the taconite  
176.5 municipal aid account must be annually increased in the same proportion as the increase in  
176.6 the implicit price deflator as provided in section 298.24, subdivision 1.

176.7 (b) An amount must be allocated to towns or cities that is annually certified by the county  
176.8 auditor of a county containing a taconite tax relief area as defined in section 273.134,  
176.9 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,  
176.10 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a  
176.11 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city  
176.12 consists of iron ore.

176.13 (c) The amount allocated under paragraph (b) will be the portion of a township's or city's  
176.14 certified levy equal to the proportion of (1) the difference between 50 percent of January  
176.15 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,  
176.16 assessed value in the case of a city and its current assessed value to (2) the sum of its current  
176.17 assessed value plus the difference determined in (1), provided that the amount distributed  
176.18 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a  
176.19 city. For purposes of this limitation, population will be determined according to the 1980  
176.20 decennial census conducted by the United States Bureau of the Census. If the current assessed  
176.21 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,  
176.22 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,  
176.23 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed  
176.24 value," when used in reference to years other than 1980 or 1982, means the appropriate net  
176.25 tax capacities multiplied by 10.2.

176.26 (d) In addition to other distributions under this subdivision, three cents per taxable ton  
176.27 for distributions in 2009 must be allocated for distribution to towns that are entirely located  
176.28 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution  
176.29 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent  
176.30 amount must be annually increased in the same proportion as the increase in the implicit  
176.31 price deflator as provided in section 298.24, subdivision 1. The amount available under this  
176.32 paragraph will be distributed to eligible towns on a per capita basis, provided that no town  
176.33 may receive more than \$50,000 in any year under this paragraph. Any amount of the  
176.34 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be



177.1 redistributed on a per capita basis among the other eligible towns, to whose distributions  
177.2 do not exceed \$50,000.

177.3 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

177.4 Sec. 9. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision to  
177.5 read:

177.6 Subd. 21. **Additional border city allocations.** (a) In addition to the tax reductions  
177.7 authorized in subdivisions 12 to 20, the commissioner shall annually allocate \$1,000,000  
177.8 for tax reductions to border city enterprise zones in cities located on the western border of  
177.9 the state. The commissioner shall allocate this amount among cities on a per capita basis.  
177.10 Allocations made under this subdivision may be used for tax reductions under sections  
177.11 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by  
177.12 businesses located in the enterprise zone as provided by law, but only if the municipality  
177.13 determines that the granting of the tax reduction or offset is necessary to retain a business  
177.14 within or attract a business to the zone.

177.15 (b) The allocations under this subdivision do not cancel or expire, but remain available  
177.16 until used by the city.

177.17 **EFFECTIVE DATE.** This section is effective July 1, 2020.

177.18 Sec. 10. Minnesota Statutes 2018, section 469.171, subdivision 4, is amended to read:

177.19 Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1)  
177.20 a facility the primary purpose of which is one of the following: ~~retail food and beverage~~  
177.21 ~~services, automobile sales or service, or~~ the provision of recreation or entertainment, or a  
177.22 private or commercial golf course, country club, massage parlor, tennis club, skating facility  
177.23 including roller skating, skateboard, and ice skating, racquet sports facility, including any  
177.24 handball or racquetball court, hot tub facility, suntan facility, or racetrack; (2) property of  
177.25 a public utility; (3) property used in the operation of a financial institution; (4) property  
177.26 owned by a fraternal or veterans' organization; or (5) ~~property of a business operating under~~  
177.27 ~~a franchise agreement that requires the business to be located in the state; except that tax~~  
177.28 ~~reductions may be provided to a retail food or beverage facility or an automobile sales or~~  
177.29 ~~service facility, or a business~~ a retail food or beverage facility operating under a franchise  
177.30 agreement that requires the business to be located in this state ~~except for such a franchised~~  
177.31 ~~retail food or beverage facility.~~

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

178.1 Sec. 11. Minnesota Statutes 2018, section 477A.011, subdivision 45, is amended to read:

178.2 Subd. 45. **Sparsity adjustment.** ~~For~~ The sparsity adjustment is \$200 for either:

178.3 (1) a city with a population of 10,000 or more, ~~the sparsity adjustment is 100 for any~~  
178.4 city ~~with~~ and an average population density less than 150 per square mile, according to the  
178.5 most recent federal census. ~~For~~; or

178.6 (2) a city with a population less than 10,000, ~~the sparsity adjustment is 200 for any city~~  
178.7 ~~with~~ and an average population density less than 30 per square mile, according to the most  
178.8 recent federal census.

178.9 The sparsity adjustment is zero for all other cities.

178.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
178.11 and thereafter.

178.12 Sec. 12. Minnesota Statutes 2018, section 477A.013, subdivision 13, is amended to read:

178.13 Subd. 13. **Certified aid adjustments.** ~~(a) A city that received an aid base increase under~~  
178.14 ~~Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its~~  
178.15 ~~total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in~~  
178.16 ~~2014 through 2018.~~

178.17 ~~(b)~~ (a) A city that received an aid base increase under Minnesota Statutes 2012, section  
178.18 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased  
178.19 by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

178.20 ~~(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section~~  
178.21 ~~477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased~~  
178.22 ~~by an amount equal to \$1,000,000 for aids payable in 2014 only.~~

178.23 (b) The city of Floodwood shall have its total aid under subdivision 9 increased by  
178.24 \$20,000 for aids payable in 2020 through 2024.

178.25 (c) The city of Hermantown shall have its total aid under subdivision 9 increased by  
178.26 \$200,000 for aids payable in 2020 through 2024.

178.27 (d) The city of West St. Paul shall have its total aid under subdivision 9 increased by  
178.28 \$920,000 for aids payable in 2020 through 2024.

178.29 (e) The city of Flensburg shall have its total aid under subdivision 9 increased by \$38,400  
178.30 for aids payable in 2020 only.

179.1 (f) The city of Lilydale shall have its total aid under subdivision 9 increased by \$275,000  
179.2 for aids payable in 2020 only.

179.3 (g) The city of Scanlon shall have its total aid under subdivision 9 increased by \$40,000  
179.4 for aids payable in 2020 through 2029.

179.5 (h) The city of East Grand Forks shall have its total aid under subdivision 9 increased  
179.6 by \$300,000 for aids payable in 2020 through 2024.

179.7 (i) The city of Virginia shall have its total aid under subdivision 9 increased by \$5,400,000  
179.8 for aids payable in 2020 only.

179.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
179.10 and thereafter.

179.11 Sec. 13. Minnesota Statutes 2018, section 477A.03, subdivision 2a, is amended to read:

179.12 Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section  
179.13 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and ~~thereafter~~ 2019,  
179.14 the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable  
179.15 in 2020, the total aid paid under subdivision 9 is \$570,390,952. For aids payable in 2021  
179.16 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$564,990,952.

179.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
179.18 and thereafter.

179.19 Sec. 14. Minnesota Statutes 2018, section 477A.03, subdivision 2b, is amended to read:

179.20 Subd. 2b. **Counties.** (a) For aids payable in 2018 ~~through 2024~~ and 2019, the total aid  
179.21 payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000  
179.22 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids  
179.23 payable in 2020 through 2024, the total aid payable under section 477A.0124, subdivision  
179.24 3, is \$119,091,470 and is subject to the allocations under paragraph (c). For aids payable  
179.25 in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is  
179.26 ~~\$100,795,000~~ \$116,091,470. Each calendar year, \$500,000 of this appropriation shall be  
179.27 retained by the commissioner of revenue to make reimbursements to the commissioner of  
179.28 management and budget for payments made under section 611.27. The reimbursements  
179.29 shall be to defray the additional costs associated with court-ordered counsel under section  
179.30 611.27. Any retained amounts not used for reimbursement in a year shall be included in the  
179.31 next distribution of county need aid that is certified to the county auditors for the purpose  
179.32 of property tax reduction for the next taxes payable year.

180.1 (b) For aids payable in 2018 and ~~thereafter~~ 2019, the total aid under section 477A.0124,  
180.2 subdivision 4, is \$130,873,444. For aids payable in 2020 and thereafter, the total aid under  
180.3 section 477A.0124, subdivision 4, is \$146,169,914. The commissioner of revenue shall  
180.4 transfer to the commissioner of management and budget \$207,000 annually for the cost of  
180.5 preparation of local impact notes as required by section 3.987, and other local government  
180.6 activities. The commissioner of revenue shall transfer to the commissioner of education  
180.7 \$7,000 annually for the cost of preparation of local impact notes for school districts as  
180.8 required by section 3.987. The commissioner of revenue shall deduct the amounts transferred  
180.9 under this paragraph from the appropriation under this paragraph. The amounts transferred  
180.10 are appropriated to the commissioner of management and budget and the commissioner of  
180.11 education respectively.

180.12 (c) For aids payable under paragraph (a) in 2020 through 2024, \$3,000,000 shall be  
180.13 allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable  
180.14 under paragraph (a) in 2020, an additional \$750,000 must be allocated to Mahnomen County  
180.15 before the money appropriated to county need aid is apportioned among the counties. Of  
180.16 this increased aid amount allocated to Mahnomen County, one-third must be used by the  
180.17 county for the Mahnomen Health Center and one-third must be paid from the county to the  
180.18 White Earth Band of Ojibwe to reimburse the band for the costs of delivering child welfare  
180.19 services.

180.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
180.21 and thereafter.

180.22 Sec. 15. **STATE FIRE AID PENALTY FORGIVENESS; AUSTIN.**

180.23 Notwithstanding any contrary provision of law, the city of Austin shall receive both its  
180.24 2016 state fire aid payment under Minnesota Statutes, section 69.021, subdivision 7, and  
180.25 its 2016 supplemental state aid payment under Minnesota Statutes, section 423A.022,  
180.26 provided that the sum of the fire state aid and the supplemental state aid that the city  
180.27 transmitted to the Austin Parttime Firefighters Relief Association in calendar year 2015 to  
180.28 fund the volunteers firefighters' service pensions met or exceeded the amount required under  
180.29 the bylaws of that association. The commissioner of revenue shall make a payment of  
180.30 \$103,891.48 for the state fire aid and \$25,201.92 for the supplemental aid to the city no  
180.31 later than June 30, 2019. \$129,093.40 in fiscal year 2019 is appropriated from the general  
180.32 fund to the commissioner of revenue to make the payments under this section.

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

181.1 Sec. 16. **APPROPRIATION OF LAPSED AMOUNTS; FIRE REMEDIATION**181.2 **GRANTS.**

181.3 (a) \$643,729 in fiscal year 2019 is appropriated from the general fund to the commissioner  
181.4 of public safety for grants to remediate the effects of fires in the city of Melrose on September  
181.5 8, 2016. This appropriation represents the amounts that lapsed by the terms of the  
181.6 appropriation in Laws 2017, First Special Session chapter 1, article 4, section 31.

181.7 (b) A grant recipient must use the money appropriated under this section for remediation  
181.8 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel  
181.9 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,  
181.10 incurred by public or private entities as a result of the fires. This is a onetime appropriation  
181.11 and is available until June 30, 2022.

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

181.13 Sec. 17. **APPROPRIATION.**

181.14 \$5,000 in fiscal year 2020 only is appropriated from the general fund to the commissioner  
181.15 of revenue for a grant of \$2,600 to the city of Mazeppa and a grant of \$2,400 to Wabasha  
181.16 County. The grants shall be paid by July 20, 2019, and may be used for property tax  
181.17 abatements and other costs incurred by public and private entities as a result of a fire in the  
181.18 city of Mazeppa on March 11, 2018. This is a onetime appropriation.

181.19 **EFFECTIVE DATE.** This section is effective July 1, 2019.

181.20 **ARTICLE 7**181.21 **LOCAL TAXES**

181.22 Section 1. Minnesota Statutes 2018, section 297A.99, subdivision 1, is amended to read:

181.23 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose  
181.24 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted  
181.25 by special law, or (4) if the political subdivision enacted and imposed the tax before January  
181.26 1, 1982, and its predecessor provision.

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

181.29 (1) enacted before June 2, 1997, or

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

182.1 (c) This section does not apply to or preempt a sales tax on motor vehicles or a special  
182.2 excise tax on motor vehicles.

182.3 (d) A political subdivision may not advertise or expend funds for the promotion of a  
182.4 referendum to support imposing a local ~~option~~ sales tax; and may only spend funds related  
182.5 to imposing a local sales tax to:

182.6 ~~(e) Notwithstanding paragraph (d), a political subdivision may expend funds to:~~

182.7 (1) conduct the referendum;

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

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

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

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

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

182.19 Sec. 2. Minnesota Statutes 2018, section 297A.99, is amended by adding a subdivision to  
182.20 read:

182.21 **Subd. 1a. Purpose statement.** Local sales taxes are to be used instead of traditional  
182.22 local revenues only for construction and rehabilitation of capital projects when a clear  
182.23 regional benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax  
182.24 revenues for local projects decreases the benefits to taxpayers of the deductibility of local  
182.25 property taxes and the state assistance provided through the property tax refund system and  
182.26 increases the fiscal inequities between similar communities.

182.27 Sec. 3. Minnesota Statutes 2018, section 297A.99, subdivision 2, is amended to read:

182.28 **Subd. 2. Local resolution before application for authority.** (a) Before the governing  
182.29 body of a political subdivision requests legislative approval of to impose a local sales tax  
182.30 authorized by a special law for a local sales tax that is administered under this section, it

183.1 shall adopt a resolution indicating its approval of the tax. The resolution must include, ~~at a~~  
 183.2 ~~minimum,~~ the following information on:

183.3 (1) the proposed tax rate, ~~how the revenues will be used;~~

183.4 (2) a detailed description of no more than five capital projects that will be funded with  
 183.5 revenue from the tax;

183.6 (3) documentation of the share of the economic benefit to or use of each project by  
 183.7 persons residing, or businesses located, outside of the jurisdiction;

183.8 (4) the amount of local sales tax revenue that would be used for each project and the  
 183.9 estimated time needed to raise that amount of revenue; and

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

183.12 ~~This subdivision applies to local laws enacted after June 30, 1998.~~ (b) The jurisdiction  
 183.13 seeking authority to impose a local sales tax by special law must submit the resolution in  
 183.14 paragraph (a) along with underlying documentation indicating how the benefits under  
 183.15 paragraph (a), clause (3), were determined, to the chairs of both the senate and house  
 183.16 committees with jurisdiction over taxes no later than January 31 of the year in which the  
 183.17 jurisdiction is seeking a special law authorizing the tax.

183.18 (c) The special legislation granting local sales tax authority is not required to allow  
 183.19 funding for all projects listed in the resolution with the revenue from the local sales tax, but  
 183.20 must not include any projects not contained in the resolution.

183.21 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 183.22 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

183.23 Sec. 4. Minnesota Statutes 2018, section 297A.99, subdivision 3, is amended to read:

183.24 Subd. 3. **Legislative authority required before voter approval; requirements for**  
 183.25 **adoption, use, termination.** (a) A political subdivision must receive legislative authority  
 183.26 to impose a local sales tax before submitting the tax for approval by voters of the political  
 183.27 subdivision. Imposition of a local sales tax is subject to approval by voters of the political  
 183.28 subdivision at a general election. The election must be conducted ~~before~~ at a general election  
 183.29 within the two-year period after the governing body of the political subdivision requests  
 183.30 legislative approval of has received authority to impose the tax. If the authorizing legislation  
 183.31 allows the tax to be imposed for more than one project, there must be a separate question  
 183.32 approving the use of the tax revenue for each project. Notwithstanding the authorizing

184.1 legislation, a project that is not approved by the voters may not be funded with the local  
184.2 sales tax revenue and the termination date of the tax set in the authorizing legislation must  
184.3 be reduced proportionately based on the share of that project's cost to the total costs of all  
184.4 projects included in the authorizing legislation.

184.5 (b) The proceeds of the tax must be dedicated exclusively to payment of the ~~cost of a~~  
184.6 construction and rehabilitation costs and associated bonding costs related to the specific  
184.7 capital improvement which is designated at least 90 days before the referendum on imposition  
184.8 of the tax is conducted projects that were approved by the voters under paragraph (a).

184.9 (c) The tax must terminate after ~~the improvement designated under paragraph (b) has~~  
184.10 been completed the revenues raised are sufficient to fund the projects approved by the voters  
184.11 under paragraph (a).

184.12 (d) After a sales tax imposed by a political subdivision has expired or been terminated,  
184.13 the political subdivision is prohibited from imposing a local sales tax for a period of one  
184.14 year. ~~Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect~~  
184.15 ~~at the time of or imposed after May 26, 1999.~~

184.16 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to  
184.17 seek authority for a local sales tax at the November 6, 2018, general election and is granted  
184.18 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without  
184.19 an additional referendum provided that it meets the requirements of subdivision 2 and the  
184.20 list of specific projects contained in the resolution does not conflict with the projects listed  
184.21 in the approving referendum.

184.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
184.23 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

184.24 Sec. 5. Laws 1980, chapter 511, section 1, subdivision 1, is amended to read:

184.25 Subdivision 1. (a) Minnesota Statutes, section 477A.01, Subdivision 18 477A.016, shall  
184.26 not be deemed to prohibit the city of Duluth from amending its sales and use tax ordinances  
184.27 so as to impose a sales ~~or~~ and use tax at the rate of one percent upon any or all sales or uses  
184.28 which are taxed by the state of Minnesota pursuant to Minnesota Statutes, chapter 297A ~~or~~  
184.29 297B.

184.30 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter,  
184.31 or other provision of law, pursuant to the approval of the voters at the election on November  
184.32 7, 2017, the city of Duluth may impose by ordinance an additional sales and use tax of  
184.33 one-half of one percent for the purposes specified in paragraph (c). The provisions of



185.1 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
185.2 enforcement of the taxes authorized under this paragraph. The tax may not be imposed until  
185.3 the city complies with the provisions of section 31.

185.4 (c) Revenues received from the tax authorized by paragraph (b) must be used to pay all  
185.5 or part of the capital and administrative costs of street, curb, gutter, sidewalk, and bridge  
185.6 improvements including related lighting and signals in the city of Duluth as outlined in the  
185.7 Duluth Street Improvement Program 2017, developed by the engineer of the city of Duluth  
185.8 as designated August 8, 2017.

185.9 (d) The city of Duluth, pursuant to the approval of the voters at the November 7, 2017,  
185.10 referendum authorizing the imposition of the taxes in this section, may issue bonds under  
185.11 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects  
185.12 described in paragraph (c), until the tax terminates as provided in paragraph (e). A separate  
185.13 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

185.14 (e) The tax authorized under this subdivision terminates at the earlier of: (1) 25 years  
185.15 after the date of initial imposition of the tax; or (2) when the city council determines that  
185.16 sufficient funds have been raised from the tax to finance the capital and administrative costs  
185.17 of the improvements described in paragraph (c), plus the additional amount needed to pay  
185.18 the costs related to issuance of bonds under paragraph (d), including interest bonds. Any  
185.19 funds remaining after completion of the projects specified in paragraph (c) and retirement  
185.20 or redemption of bonds in paragraph (d) shall be placed in the general fund of the city. The  
185.21 tax imposed under paragraph (b) may expire at an earlier time if the city so determines by  
185.22 ordinance.

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

185.26 Sec. 6. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session  
185.27 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, is amended  
185.28 to read:

185.29 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

185.30 The city may, by resolution, levy in addition to taxes authorized by other law:

185.31 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales of  
185.32 intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor

186.1 establishments located within the downtown taxing area, provided that this tax may not be  
186.2 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from  
186.3 taxation under chapter 297A;

186.4 (2) a sales tax of not more than three percent on the gross receipts from the furnishing  
186.5 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming  
186.6 house, tourist court, or trailer camp located within the city by a hotel or motel which has  
186.7 more than 50 rooms available for lodging; ~~the tax imposed under this clause shall be at a~~  
186.8 ~~rate that, when added to the sum of the rate of the sales tax imposed under Minnesota~~  
186.9 ~~Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any~~  
186.10 ~~other taxes on lodging in the city of Minneapolis, equals 13 percent; and~~

186.11 (3) a sales tax of not more than three percent on the gross receipts on all sales of food  
186.12 primarily for consumption on or off the premises by restaurants and places of refreshment  
186.13 as defined by resolution of the city that occur within the downtown taxing area.

186.14 The taxes authorized by this section must not be terminated before January 1, 2047. The  
186.15 taxes shall be imposed and may be adjusted periodically by the city council such that the  
186.16 rates imposed produce revenue sufficient, together with the tax imposed under section 4,  
186.17 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,  
186.18 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,  
186.19 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,  
186.20 and fund the payment of any principal of, premium on, and interest on any bonds or any  
186.21 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter  
186.22 into appropriate agreements with the city to provide for the collection of these taxes by the  
186.23 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and  
186.24 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

186.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
186.26 30, 2019.

186.27 Sec. 7. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article  
186.28 8, section 24, and Laws 2011, chapter 112, article 4, section 6, is amended to read:

186.29 **Sec. 31. AUTHORITY FOR TAXATION.**

186.30 Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and  
186.31 supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city  
186.32 of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~three~~ four percent, on  
186.33 the gross receipts from the furnishing for consideration of lodging and related services at a

187.1 hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of  
187.2 space for a continuous period of 30 days or more. The tax does not apply to the furnishing  
187.3 of lodging and related services by a business having less than 50 lodging rooms. The tax  
187.4 shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues  
187.5 generated by this tax shall be used to fund a convention bureau to market and promote the  
187.6 city as a tourist or convention center.

187.7 **EFFECTIVE DATE.** This section is effective the first day of the calendar quarter  
187.8 beginning at least 30 days after the governing body of the city of St. Paul and its chief  
187.9 clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

187.10 Sec. 8. Laws 1994, chapter 587, article 9, section 11, is amended to read:

187.11 Sec. 11. **TWO HARBORS LODGING TAX.**

187.12 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a  
187.13 tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors may impose,  
187.14 by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax  
187.15 under Minnesota Statutes, section 469.190. The proceeds of the tax shall be dedicated and  
187.16 used to provide preservation, display, and interpretation of the tug boat Edna G. The total  
187.17 tax imposed by the city under this section, by Lake County under section 23, and under  
187.18 Minnesota Statutes, section 469.190, shall not exceed ~~three~~ five percent.

187.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
187.20 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
187.21 645.021, subdivisions 2 and 3.

187.22 Sec. 9. Laws 1998, chapter 389, article 8, section 45, subdivision 1, is amended to read:

187.23 Subdivision 1. **Sales and use taxes.** (a) Notwithstanding Minnesota Statutes, section  
187.24 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters  
187.25 of the city at the next general election held after the date of final enactment of this act, the  
187.26 city of Two Harbors may impose by ordinance, a sales and use tax at a rate of up to one-half  
187.27 of one percent for the purposes specified in subdivision 3, paragraph (a).

187.28 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
187.29 sections 297A.99 and 477A.016, or any other law, ordinance, or city charter, and as approved  
187.30 by the voters at the November 6, 2018, general election, the city of Two Harbors may, by  
187.31 ordinance, impose an additional sales and use tax at a rate of one-half of one percent for

188.1 the purposes specified in subdivision 3, paragraph (b). The tax may not be imposed until  
188.2 the city complies with the provisions of section 31.

188.3 (c) The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern the  
188.4 imposition, administration, collection, and enforcement of the tax authorized under this  
188.5 subdivision.

188.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
188.7 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
188.8 645.021, subdivisions 2 and 3.

188.9 Sec. 10. Laws 1998, chapter 389, article 8, section 45, subdivision 3, as amended by Laws  
188.10 2008, chapter 366, article 7, section 11, is amended to read:

188.11 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized under  
188.12 subdivision 1, paragraph (a), must be used for sanitary sewer separation, wastewater  
188.13 treatment, water system improvements, and harbor refuge development projects.

188.14 (b) Revenues from the tax authorized under subdivision 1, paragraph (b), must be used  
188.15 by the city of Two Harbors to pay the costs of collecting and administering the tax and to  
188.16 finance the capital and administrative costs of water and sewer infrastructure projects  
188.17 including gravity-fed sewer mains, water mains, drain tile, service lines, street patching,  
188.18 acquiring property, related engineering, and construction expenses.

188.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
188.20 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
188.21 645.021, subdivisions 2 and 3.

188.22 Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 4, is amended to read:

188.23 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
188.24 chapter 475, to finance the capital expenditure and improvement projects under subdivision  
188.25 1, paragraph (a). An election to approve the bonds under Minnesota Statutes, section 475.58,  
188.26 may be held in combination with the election to authorize imposition of the tax under  
188.27 subdivision 1, paragraph (a). Whether to permit imposition of the tax and issuance of bonds  
188.28 may be posed to the voters as a single question. The question must state that the sales tax  
188.29 revenues are pledged to pay the bonds, but that the bonds are general obligations and will  
188.30 be guaranteed by the city's property taxes.

188.31 (b) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and  
188.32 administrative expenses for the projects described in subdivision 3, paragraph (b), in an

189.1 amount that does not exceed \$30,000,000. An election to approve the bonds under Minnesota  
189.2 Statutes, section 475.58, is not required.

189.3 (c) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
189.4 section 275.60.

189.5 (e) (d) The bonds are not included in computing any debt limitation applicable to the  
189.6 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
189.7 interest on the bonds is not subject to any levy limitation.

189.8 The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to  
189.9 pay eligible capital expenditures and improvements under subdivision 3, paragraph (a), may  
189.10 not exceed \$20,000,000, plus an amount equal to the costs related to issuance of the bonds.

189.11 (d) (e) The taxes may be pledged to and used for the payment of the bonds and any bonds  
189.12 issued to refund them, only if the bonds and any refunding bonds are general obligations  
189.13 of the city.

189.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
189.15 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
189.16 645.021, subdivisions 2 and 3.

189.17 Sec. 12. Laws 1998, chapter 389, article 8, section 45, subdivision 5, is amended to read:

189.18 Subd. 5. **Termination of taxes.** (a) The authority granted under subdivision 1, paragraph  
189.19 (a), to the city of Two Harbors to impose sales and use taxes expires when the costs of the  
189.20 projects described in subdivision 3, paragraph (a), have been paid.

189.21 (b) The authority granted under subdivision 1, paragraph (b), expires at the earlier of:  
189.22 (1) 25 years after the tax is first imposed; or (2) when the city council determines that the  
189.23 amount of revenues received from the taxes first equals or exceeds \$30,000,000, plus the  
189.24 additional amount needed to pay the costs related to issuance of bonds under subdivision  
189.25 4, paragraph (b), including interest on the bonds. Any funds remaining after completion of  
189.26 the project and retirement or redemption of the bonds may be placed in the general fund of  
189.27 the city. The taxes imposed under subdivision 1, paragraph (b), may expire at an earlier  
189.28 time if the city so determines by ordinance.

189.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
189.30 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
189.31 645.021, subdivisions 2 and 3.

190.1 Sec. 13. Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3,  
190.2 is amended to read:

190.3 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1  
190.4 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the  
190.5 following projects:

190.6 (1) \$4,500,000 for construction and completion of park improvement projects, including  
190.7 St. Louis River riverfront improvements; Veteran's Park construction and improvements;  
190.8 improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital  
190.9 equipment and building and grounds improvements at the Pine Valley Park/Pine Valley  
190.10 Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within  
190.11 the city;

190.12 (2) \$5,800,00 for extension of utilities and the construction of all improvements associated  
190.13 with the development of property adjacent to Highway 33 and Interstate Highway 35,  
190.14 including payment of all debt service on bonds issued for these; and

190.15 (3) \$6,200,000 for engineering and construction of infrastructure improvements,  
190.16 including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as  
190.17 part of the city's comprehensive land use plan.

190.18 Authorized expenses include, but are not limited to, acquiring property and paying  
190.19 construction expenses related to these improvements, and paying debt service on bonds or  
190.20 other obligations issued to finance acquisition and construction of these improvements.  
190.21 Notwithstanding the revenue allocations in clauses (1) and (3), if the amount spent for the  
190.22 improvements under clause (2) are less than the \$5,800,000 allowed under that clause, the  
190.23 total amount spent for the purposes listed in clauses (1) and (3) may be increased by the  
190.24 difference between \$5,800,000 and the amount actually spent under clause (2). However,  
190.25 the total expenditures for projects under this subdivision may not exceed \$16,500,000,  
190.26 excluding any costs related to issuance of bonds under subdivision 4.

190.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
190.28 city of Cloquet and its chief clerical officer comply with the provisions of section 645.021,  
190.29 subdivisions 2 and 3.

190.30 Sec. 14. **CITY OF AVON; TAXES AUTHORIZED.**

190.31 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,  
190.32 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
190.33 charter, the city of Avon, pursuant to approval by the voters at the general election on

191.1 November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one  
191.2 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
191.3 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
191.4 administration, collection, and enforcement of the tax authorized under this subdivision.  
191.5 The tax may not be imposed until the city complies with the provisions of section 31.

191.6 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
191.7 must be used by the city to:

191.8 (1) pay the costs of collecting and administering the tax;

191.9 (2) pay the capital and administrative costs of transportation improvement projects as  
191.10 adopted in the city of Avon's street priority improvement plan; and

191.11 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
191.12 finance the improvements listed in this subdivision in the city.

191.13 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
191.14 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
191.15 principal amount of bonds issued under this subdivision may not exceed \$1,500,000 plus  
191.16 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may  
191.17 be paid from or secured by any funds available to the city, including the tax authorized  
191.18 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
191.19 Statutes, sections 275.60 and 275.61.

191.20 (b) The bonds are not included in computing any debt limitation applicable to the city,  
191.21 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
191.22 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
191.23 under Minnesota Statutes, section 475.58, is not required.

191.24 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the  
191.25 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$1,500,000  
191.26 has been received from the tax to pay for the cost of the projects authorized under subdivision  
191.27 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized  
191.28 under subdivision 3, including interest on the bonds.

191.29 (b) Any funds remaining after payment of all such costs and retirement or redemption  
191.30 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision  
191.31 1 may expire at an earlier time if the city so determines by ordinance.

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

192.4 Sec. 15. **CITY OF BLUE EARTH; LOCAL TAX AUTHORIZED.**

192.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
192.6 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters  
192.7 at the general election of November 6, 2018, the city of Blue Earth may impose by ordinance  
192.8 a sales and use tax of one-half of one percent for the purposes specified in subdivision 2.  
192.9 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
192.10 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
192.11 authorized under this subdivision. The tax may not be imposed until the city complies with  
192.12 the provisions of section 31.

192.13 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
192.14 under subdivision 1 must be used by the city of Blue Earth to pay the costs of collecting  
192.15 and administering the tax and to finance the capital and administrative costs of constructing  
192.16 and funding sewer plant improvements, street reconstruction projects, and recreational  
192.17 amenities. The total that may be raised from the tax to pay for these projects is limited to  
192.18 \$5,000,000, plus the costs related to the issuance and paying debt service on bonds for these  
192.19 projects.

192.20 Subd. 3. **Bonding authority.** (a) The city of Blue Earth may issue bonds under Minnesota  
192.21 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
192.22 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
192.23 not exceed \$5,000,000, plus an amount to be applied to the payment of the costs of issuing  
192.24 the bonds. The bonds may be paid from or secured by any funds available to the city of  
192.25 Blue Earth, including the tax authorized under subdivision 1. The issuance of bonds under  
192.26 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

192.27 (b) The bonds are not included in computing any debt limitation applicable to the city  
192.28 of Blue Earth, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
192.29 principal and interest on the bonds is not subject to any levy limitation. A separate election  
192.30 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

192.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
192.32 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
192.33 that \$5,000,000, plus an amount sufficient to pay the costs related to issuing the bonds  
192.34 authorized under subdivision 3, including interest on the bonds, has been received from the



193.1 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
193.2 after payment of all such costs and retirement or redemption of the bonds due to timing of  
193.3 the termination under Minnesota Statutes, section 297A.99, shall be placed in the general  
193.4 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
193.5 city so determines by ordinance.

193.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
193.7 city of Blue Earth and its chief clerical officer comply with Minnesota Statutes, section  
193.8 645.021, subdivisions 2 and 3.

193.9 **Sec. 16. CITY OF CAMBRIDGE; TAX AUTHORIZED.**

193.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
193.11 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
193.12 and as approved by the voters at the November 6, 2018, general election, the city of  
193.13 Cambridge may impose, by ordinance, a sales and use tax of one-half of one percent for  
193.14 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
193.15 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
193.16 collection, and enforcement of the tax authorized under this subdivision. The tax may not  
193.17 be imposed until the city complies with the provisions of section 31 as it relates to funding  
193.18 of the street improvements in subdivision 2, clause (2).

193.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
193.20 under subdivision 1 must be used by the city of Cambridge to pay the costs of collecting  
193.21 and administering the tax and paying for the following infrastructure projects in the city,  
193.22 including securing and paying debt service on bonds issued to finance all or part of the  
193.23 following projects:

193.24 (1) \$8,000,000 plus associated bonding costs for construction of a new facility to house  
193.25 the Cambridge Public Library and the East Central Regional Library Headquarters; and

193.26 (2) \$14,000,000 plus associated bonding costs for street improvements outlined in the  
193.27 Street Capital Improvement Program approved by the city council as of January 22, 2019,  
193.28 and outdoor park improvements described in the park master plan as of January 22, 2019.

193.29 Subd. 3. **Bonding authority.** (a) The city of Cambridge may issue bonds under Minnesota  
193.30 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
193.31 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
193.32 not exceed: (1) \$8,000,000 for the project listed in subdivision 2, clause (1), plus an amount  
193.33 applied to the payment of costs of issuing the bonds; and (2) \$14,000,000 for the projects

194.1 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing  
194.2 the bonds. The bonds may be paid from or secured by any funds available to the city of  
194.3 Cambridge, including the tax authorized under subdivision 1. The issuance of bonds under  
194.4 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

194.5 (b) The bonds are not included in computing any debt limitation applicable to the city.  
194.6 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
194.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
194.8 under Minnesota Statutes, section 475.58, is not required.

194.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
194.10 earlier of: (1) December 31, 2043; or (2) when the city council determines that the city has  
194.11 received from this tax \$22,000,000 to fund the projects listed in subdivision 2 plus an amount  
194.12 sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized  
194.13 in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of  
194.14 the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's  
194.15 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
194.16 so determines by ordinance.

194.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
194.18 city of Cambridge and its chief clerical officer comply with Minnesota Statutes, section  
194.19 645.021, subdivisions 2 and 3.

194.20 Sec. 17. **CITY OF DETROIT LAKES; LOCAL SALES AND USE TAX**  
194.21 **AUTHORIZED.**

194.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
194.23 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
194.24 and as approved by the voters at the November 6, 2018, general election, the city of Detroit  
194.25 Lakes may impose, by ordinance, a sales and use tax of one-half of one percent for the  
194.26 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
194.27 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
194.28 collection, and enforcement of the tax authorized under this subdivision.

194.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
194.30 under subdivision 1 must be used by the city of Detroit Lakes to pay the costs of collecting  
194.31 and administering the tax, and construction of a new police department facility in the city,  
194.32 including securing and paying debt service on bonds issued to finance all or part of this  
194.33 project. The total amount of the police department facility to be funded with the tax imposed  
194.34 under subdivision 1 shall not exceed \$6,700,000, excluding associated debt service costs.

195.1 Subd. 3. **Bonding authority.** (a) The city of Detroit Lakes may issue bonds under  
195.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
195.3 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
195.4 subdivision may not exceed \$6,700,000, plus an amount applied to the payment of costs of  
195.5 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
195.6 city of Detroit Lakes, including the tax authorized under subdivision 1. The issuance of  
195.7 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
195.8 275.61.

195.9 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
195.10 Detroit Lakes and are not included in computing any debt limitation applicable to the city.  
195.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
195.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
195.13 under Minnesota Statutes, section 475.58, is not required.

195.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
195.15 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines  
195.16 that the city has received \$6,700,000 from this tax to fund the projects listed in subdivision  
195.17 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
195.18 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
195.19 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
195.20 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an  
195.21 earlier time if the city so determines by ordinance.

195.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
195.23 city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section  
195.24 645.021, subdivisions 2 and 3.

195.25 Sec. 18. **CITY OF ELK RIVER; TAX AUTHORIZED.**

195.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
195.27 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and as approved  
195.28 by the voters at the November 6, 2018, general election, the city of Elk River may impose,  
195.29 by ordinance, a sales and use tax of one-half of one percent for the purposes specified in  
195.30 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
195.31 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
195.32 of the tax authorized under this subdivision.

195.33 Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax  
195.34 authorized under subdivision 1 must be used by the city of Elk River to:

196.1 (1) pay the costs of collecting and administering the tax;

196.2 (2) pay the capital and administrative costs of various recreational facility and park  
196.3 improvements including any or all of the following: a multipurpose recreational facility  
196.4 such as an ice arena, a community meeting and activity space, and a synthetic turf field  
196.5 house; senior center facility improvements; Lion John Weicht Park improvements, Lions  
196.6 Park Center space improvements, and a community picnic pavilion addition; youth athletic  
196.7 complex improvements; Orono Park improvements; dredging Lake Orono; and citywide  
196.8 trail connection improvements; and

196.9 (3) secure and pay debt service on bonds issued to finance all or part of the projects  
196.10 listed in clause (2).

196.11 (b) The total that may be raised from the tax to pay for these projects is limited to  
196.12 \$35,000,000, plus the costs related to the issuance and paying debt service on bonds for  
196.13 these projects.

196.14 Subd. 3. **Bonding authority.** (a) The city of Elk River may issue bonds under Minnesota  
196.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
196.16 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
196.17 not exceed \$35,000,000, plus an amount applied to the payment of costs of issuing the  
196.18 bonds. The bonds may be paid from or secured by any funds available to the city of Elk  
196.19 River, including the tax authorized under subdivision 1. The issuance of bonds under this  
196.20 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

196.21 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
196.22 Elk River and are not included in computing any debt limitation applicable to the city. Any  
196.23 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
196.24 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
196.25 under Minnesota Statutes, section 475.58, is not required.

196.26 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
196.27 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
196.28 that the city has received \$35,000,000 from this tax to fund the projects listed in subdivision  
196.29 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
196.30 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
196.31 costs due to timing of the termination under section 297A.99 shall be placed in the city's  
196.32 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
196.33 so determines by ordinance.

197.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
197.2 city of Elk River and its chief clerical officer comply with Minnesota Statutes, section  
197.3 645.021, subdivisions 2 and 3.

197.4 Sec. 19. **CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.**

197.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
197.6 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
197.7 charter, the city of Excelsior may impose, by ordinance, a sales and use tax of up to one-half  
197.8 of one percent for the purposes specified in subdivision 2, if approved by the voters at a  
197.9 general election held before December 31, 2020. Except as otherwise provided in this  
197.10 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
197.11 administration, collection, and enforcement of the tax authorized under this subdivision.

197.12 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
197.13 under subdivision 1 must be used by the city of Excelsior to pay the costs of collecting and  
197.14 administering the tax and to finance the capital and administrative costs of improvements  
197.15 to the commons as indicated in the Commons Master Plan as adopted by the city council  
197.16 on November 20, 2017. Authorized expenses include, but are not limited to, improvements  
197.17 for walkability and accessibility, enhancement of beach area and facilities, prevention and  
197.18 management of shoreline erosion, redesign of the port and band shell, improvement of  
197.19 playground equipment, and securing and paying debt service on bonds issued under  
197.20 subdivision 3 or other obligations issued to the improvements listed in this subdivision in  
197.21 the city of Excelsior.

197.22 Subd. 3. **Bonding authority.** (a) If the imposition of the tax is approved by the voters  
197.23 under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter  
197.24 475, to finance all or a portion of the costs of the projects authorized in subdivision 2,  
197.25 without a second vote. The aggregate principal amount of bonds issued under this subdivision  
197.26 may not exceed \$7,000,000, plus an amount to be applied to the payment of the costs of  
197.27 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
197.28 city of Excelsior, including the tax authorized under subdivision 1. The issuance of bonds  
197.29 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

197.30 (b) The bonds are not included in computing any debt limitation applicable to the city  
197.31 of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
197.32 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
197.33 the bonds under Minnesota Statutes, section 475.58, is not required.

198.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the later  
198.2 of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that  
198.3 \$7,000,000 has been received from the tax to pay for the cost of the projects authorized  
198.4 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
198.5 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
198.6 after payment of all such costs and retirement or redemption of the bonds shall be placed  
198.7 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
198.8 time if the city so determines by ordinance.

198.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
198.10 city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section  
198.11 645.021, subdivisions 2 and 3.

198.12 Sec. 20. **CITY OF GLENWOOD; TAX AUTHORIZED.**

198.13 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
198.14 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters  
198.15 at the November 6, 2018, general election, the city of Glenwood may impose, by ordinance,  
198.16 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision  
198.17 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
198.18 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
198.19 authorized under this subdivision. The tax may not be imposed until the city complies with  
198.20 the provisions of section 31.

198.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
198.22 under subdivision 1 must be used by the city of Glenwood to pay the costs of collecting and  
198.23 administering the tax and to finance, including securing and paying debt service on, all or  
198.24 part of the following projects:

198.25 (1) the capital costs of the Phases II and III improvements to 2nd Street SE as set forth  
198.26 in the city's capital improvement plan;

198.27 (2) the development and expansion of, and improvements to, city parks, trails, and  
198.28 recreational facilities; and

198.29 (3) improvements to Glenwood City Hall and police station.

198.30 Subd. 3. **Bonding authority.** (a) The city of Glenwood may issue bonds under Minnesota  
198.31 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
198.32 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
198.33 not exceed \$2,800,000, plus an amount applied to the payment of costs of issuing the bonds.

199.1 The bonds may be paid from or secured by any funds available to the city of Glenwood,  
199.2 including the tax authorized under subdivision 1. The issuance of bonds under this  
199.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

199.4 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
199.5 Glenwood and are not included in computing any debt limitation applicable to the city. Any  
199.6 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
199.7 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
199.8 under Minnesota Statutes, section 475.58, is not required.

199.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
199.10 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
199.11 that the city has received \$2,800,000 from this tax to fund the projects listed in subdivision  
199.12 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
199.13 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
199.14 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
199.15 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an  
199.16 earlier time if the city so determines by ordinance.

199.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
199.18 city of Glenwood and its chief clerical officer comply with Minnesota Statutes, section  
199.19 645.021, subdivisions 2 and 3.

199.20 Sec. 21. **CITY OF INTERNATIONAL FALLS; TAX AUTHORIZED.**

199.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
199.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
199.23 and as approved by the voters at the November 6, 2018, general election, the city of  
199.24 International Falls may impose, by ordinance, a sales and use tax of up to one percent for  
199.25 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
199.26 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
199.27 collection, and enforcement of the tax authorized under this subdivision. The tax may not  
199.28 be imposed until the city complies with the provisions of section 31.

199.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
199.30 under subdivision 1 must be used by the city of International Falls to pay the costs of  
199.31 collecting and administering the tax, and paying for transportation and other public  
199.32 infrastructure projects in the city, including securing and paying debt service on bonds  
199.33 issued to finance all or part of these projects. The total amount of transportation and other

200.1 public infrastructure projects to be funded with the tax imposed under subdivision 1 shall  
200.2 not exceed \$30,000,000, excluding associated debt service costs.

200.3 Subd. 3. **Bonding authority.** (a) The city of International Falls may issue bonds under  
200.4 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
200.5 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
200.6 subdivision may not exceed \$30,000,000, plus an amount applied to the payment of costs  
200.7 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
200.8 city of International Falls, including the tax authorized under subdivision 1. The issuance  
200.9 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
200.10 275.61.

200.11 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
200.12 International Falls and are not included in computing any debt limitation applicable to the  
200.13 city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
200.14 interest on the bonds is not subject to any levy limitation. A separate election to approve  
200.15 the bonds under Minnesota Statutes, section 475.58, is not required.

200.16 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
200.17 earlier of: (1) 30 years after the tax is first imposed; or (2) when the city council determines  
200.18 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision  
200.19 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
200.20 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
200.21 costs due to timing of the termination under section 297A.99 shall be placed in the general  
200.22 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
200.23 city so determines by ordinance.

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

200.27 Sec. 22. **CITY OF LA CRESCENT; LOCAL LODGING TAX AUTHORIZED.**

200.28 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a  
200.29 tax authorized in Minnesota Statutes, section 469.190, the city of La Crescent may impose  
200.30 by ordinance a tax of up to two percent on the gross receipts subject to the lodging tax under  
200.31 Minnesota Statutes, section 469.190. The proceeds of the tax shall be split evenly between  
200.32 (1) the city chamber of commerce to promote tourism in southeastern Minnesota, and (2)  
200.33 the La Crescent Area Event Center to promote local tourism.



201.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
201.2 city of La Crescent and its chief clerical officer comply with Minnesota Statutes, section  
201.3 645.021, subdivisions 2 and 3.

201.4 Sec. 23. **LAKE COUNTY; LOCAL LODGING TAX AUTHORIZED.**

201.5 Subdivision 1. **Lodging tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016,  
201.6 or any other provision of law, ordinance, or city charter, the Board of Commissioners of  
201.7 Lake County may impose, by ordinance, a tax of up to four percent on the gross receipts  
201.8 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition  
201.9 to any tax imposed under Minnesota Statutes, section 469.190. The total tax imposed by  
201.10 the county under this section, by the city of Two Harbors under Laws 1994, chapter 587,  
201.11 article 9, section 11, and under Minnesota Statutes, section 469.190, must not exceed seven  
201.12 percent.

201.13 (b) No other city or town located in Lake County that did not impose a local sales tax  
201.14 under Minnesota Statutes, section 469.190, prior to May 1, 2019, may impose a tax under  
201.15 Minnesota Statutes, section 469.190, while a tax is in effect under this section.

201.16 Subd. 2. **Allowed use of revenues.** The revenues derived from the taxes imposed in  
201.17 subdivision 1 must be used to fund a new Lake County Event and Visitors Bureau as  
201.18 established by or contracted with the Board of Commissioners of Lake County. The Board  
201.19 of Commissioners must use 75 percent of revenues for marketing the county and 25 percent  
201.20 of revenues to fund and promote community events and festivals in the county. The Board  
201.21 of Commissioners of Lake County must annually review the budget of the Lake County  
201.22 Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised  
201.23 from the taxes imposed in subdivision 1 until the Board of Commissioners approves the  
201.24 annual budget.

201.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of Lake  
201.26 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
201.27 subdivisions 2 and 3.

201.28 Sec. 24. **CITY OF NORTH MANKATO; LOCAL FOOD AND BEVERAGE TAX**  
201.29 **AUTHORIZED.**

201.30 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,  
201.31 section 477A.016, or any ordinance, city charter, or other provision of law, the city of North  
201.32 Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts  
201.33 on all sales of food and beverages by a restaurant or place of refreshment, as defined by

202.1 resolution of the city, that are located within the city. For purposes of this section, "food  
202.2 and beverages" includes retail on-sale of intoxicating liquor and fermented malt beverages.

202.3 Subd. 2. Use of proceeds from tax. (a) The proceeds of any tax imposed under  
202.4 subdivision 1 shall be used by the city to pay all or a portion of the expenses of:

202.5 (1) operation, maintenance, and capital expenses for the Caswell Park Regional Sporting  
202.6 Complex; and

202.7 (2) for costs related to regional tourism events.

202.8 (b) Authorized capital expenses include securing or paying debt service on bonds or  
202.9 other obligations issued to finance the construction of the Caswell Park Regional Sporting  
202.10 Complex facilities.

202.11 Subd. 3. Collection, administration, and enforcement. If the city desires, it may enter  
202.12 into an agreement with the commissioner of revenue to administer, collect, and enforce the  
202.13 taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax,  
202.14 the provisions of Minnesota Statutes, section 297A.99, related to collection, administration,  
202.15 and enforcement apply.

202.16 EFFECTIVE DATE. This section is effective the day after the governing body of the  
202.17 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section  
202.18 645.021, subdivisions 2 and 3.

202.19 Sec. 25. CITY OF PERHAM; LOCAL SALES AND USE TAX AUTHORIZED.

202.20 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
202.21 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and  
202.22 based on the approval by the voters at the November 6, 2018, election, the city of Perham  
202.23 may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes  
202.24 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
202.25 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
202.26 enforcement of the tax authorized under this subdivision.

202.27 Subd. 2. Use of revenues. The revenues derived from the tax authorized under subdivision  
202.28 1 must be used by the city of Perham to:

202.29 (1) pay the costs of collecting and administering the tax;

202.30 (2) finance the capital costs of site preparation, redevelopment, renovation, and  
202.31 construction of buildings, land, and infrastructure at the site of the Perham Area Community  
202.32 Center; and

203.1 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
203.2 the improvements listed in this subdivision in the city of Perham.

203.3 Subd. 3. **Bonding authority.** (a) The city of Perham may issue bonds under Minnesota  
203.4 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
203.5 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
203.6 not exceed \$5,200,000, plus an amount to be applied to the payment of the costs of issuing  
203.7 the bonds. The bonds may be paid from or secured by any funds available to the city of  
203.8 Perham, including the tax authorized under subdivision 1. The issuance of bonds under this  
203.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

203.10 (b) The bonds are not included in computing any debt limitation applicable to the city  
203.11 of Perham, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
203.12 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
203.13 the bonds under Minnesota Statutes, section 475.58, is not required.

203.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
203.15 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
203.16 that \$5,200,000 has been received from the tax to pay for the cost of the projects authorized  
203.17 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
203.18 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
203.19 after payment of all such costs and retirement or redemption of the bonds shall be placed  
203.20 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
203.21 time if the city so determines by ordinance.

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

203.25 Sec. 26. **CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

203.26 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
203.27 law, ordinance, or city charter, the city council for the city of Plymouth may impose by  
203.28 ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under  
203.29 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under  
203.30 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this  
203.31 provision must not exceed six percent.

203.32 (b) Two-thirds of the revenue from the tax imposed under this section must be dedicated  
203.33 and used for capital improvements to public recreational facilities and marketing and

204.1 promotion of the community, and the remaining one-third of the revenue must be used for  
204.2 the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

204.3 (c) The tax imposed under this authority terminates at the earlier of: (1) five years after  
204.4 the tax is first imposed; or (2) December 31, 2025.

204.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
204.6 city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section  
204.7 645.021, subdivisions 2 and 3.

204.8 **Sec. 27. CITY OF SAUK CENTRE; TAXES AUTHORIZED.**

204.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
204.10 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
204.11 charter, the city of Sauk Centre, pursuant to approval by the voters at the general election  
204.12 on November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of  
204.13 one percent and a \$20 motor vehicle excise tax for the purposes specified in subdivision 2.  
204.14 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
204.15 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
204.16 authorized under this subdivision.

204.17 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
204.18 must be used by the city to:

204.19 (1) pay the costs of collecting and administering the tax;

204.20 (2) pay the capital costs of city infrastructure improvement projects directly related to  
204.21 the reconstruction of Trunk Highway 71; and

204.22 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
204.23 finance the improvements listed in this subdivision in the city.

204.24 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
204.25 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
204.26 principal amount of bonds issued under this subdivision may not exceed \$10,000,000 plus  
204.27 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may  
204.28 be paid from or secured by any funds available to the city, including the tax authorized  
204.29 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
204.30 Statutes, sections 275.60 and 275.61.

204.31 (b) The bonds are not included in computing any debt limitation applicable to the city,  
204.32 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest

205.1 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
205.2 under Minnesota Statutes, section 475.58, is not required.

205.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
205.4 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$10,000,000  
205.5 has been received from the tax to pay for the cost of the projects authorized under subdivision  
205.6 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized  
205.7 under subdivision 3, including interest on the bonds. Any funds remaining after payment  
205.8 of all such costs and retirement or redemption of the bonds shall be placed in the general  
205.9 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
205.10 city so determines by ordinance.

205.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
205.12 city of Sauk Centre and its chief clerical officer comply with Minnesota Statutes, section  
205.13 645.021, subdivisions 2 and 3.

205.14 Sec. 28. **CITY OF VIRGINIA; LOCAL SALES AND USE TAX AUTHORIZED.**

205.15 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
205.16 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
205.17 and as approved by the voters at the November 6, 2018, general election, the city of Virginia  
205.18 may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified  
205.19 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
205.20 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
205.21 of the tax authorized under this subdivision.

205.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
205.23 under subdivision 1 must be used by the city of Virginia to pay the costs of collecting and  
205.24 administering the tax, and to finance the costs of renovation, reconstruction, expansion, and  
205.25 improvements of the Miner's Memorial recreation complex and convention center. Authorized  
205.26 costs include engineering and construction costs and associated bond issuance costs.

205.27 Subd. 3. **Bonding authority.** (a) The city of Virginia may issue bonds under Minnesota  
205.28 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
205.29 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
205.30 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the  
205.31 bonds. The bonds may be paid from or secured by any funds available to the city of Virginia,  
205.32 including the tax authorized under subdivision 1. The issuance of bonds under this  
205.33 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

206.1 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
206.2 Virginia and are not included in computing any debt limitation applicable to the city. Any  
206.3 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
206.4 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
206.5 under Minnesota Statutes, section 475.58, is not required.

206.6 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
206.7 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
206.8 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision  
206.9 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
206.10 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
206.11 costs due to timing of the termination under section 297A.99 shall be placed in the city's  
206.12 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
206.13 so determines by ordinance.

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

206.17 Sec. 29. **CITY OF WILLMAR; TAX AUTHORIZED.**

206.18 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
206.19 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
206.20 and as approved by the voters at the November 6, 2018, general election, the city of Willmar  
206.21 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the  
206.22 purposes specified in subdivision 3. Except as otherwise provided in this section, the  
206.23 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
206.24 collection, and enforcement of the tax authorized under this subdivision.

206.25 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,  
206.26 or any other contrary provision of law, ordinance, or city charter, the city of Willmar may  
206.27 impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20  
206.28 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged  
206.29 within the city of Willmar in the business of selling motor vehicles at retail.

206.30 Subd. 3. **Use of revenues.** (a) The revenues derived from the taxes authorized under  
206.31 subdivisions 1 and 2 must be used by the city of Willmar to pay the costs of collecting and  
206.32 administering the taxes, and to pay for the projects listed in this subdivision, including  
206.33 securing and paying debt service on bonds issued to finance all or part of these projects.  
206.34 The total amount of projects to be funded with the taxes imposed under subdivisions 1 and

207.1 2 shall not exceed \$30,000,000 plus the costs related to the issuance and paying debt service  
207.2 on bonds for these projects. The amount that may be spent on each project is limited to:

207.3 (1) \$2,000,000 for a community center replacement;

207.4 (2) \$6,000,000 for new athletic fields;

207.5 (3) \$3,000,000 for infrastructure improvements at Robins Island Regional Park;

207.6 (4) \$2,000,000 for a new playground and spectator amenities at Swansson Field Regional  
207.7 Park;

207.8 (5) \$7,000,000 for storm water management infrastructure improvements; and

207.9 (6) \$10,000,000 for a new recreation and event center.

207.10 (b) Notwithstanding the limits listed in paragraph (a) the city may by ordinance reallocate  
207.11 up to ten percent of the funds designated for one or more projects listed in that paragraph  
207.12 to other projects listed in that paragraph.

207.13 Subd. 4. **Bonding authority.** (a) The city of Willmar may issue bonds under Minnesota  
207.14 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
207.15 subdivision 3. The aggregate principal amount of bonds issued under this subdivision may  
207.16 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the  
207.17 bonds. The bonds may be paid from or secured by any funds available to the city of Willmar,  
207.18 including the taxes authorized under subdivisions 1 and 2. The issuance of bonds under this  
207.19 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

207.20 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
207.21 Willmar and are not included in computing any debt limitation applicable to the city. Any  
207.22 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
207.23 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
207.24 under Minnesota Statutes, section 475.58, is not required.

207.25 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
207.26 at the earlier of: (1) 13 years after the taxes are first imposed; or (2) when the city council  
207.27 determines that the city has received \$30,000,000 from this tax to fund the projects listed  
207.28 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance  
207.29 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed  
207.30 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
207.31 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire  
207.32 at an earlier time if the city so determines by ordinance.

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

208.4 Sec. 30. **CITY OF WORTHINGTON; TAX AUTHORIZED.**

208.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
208.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
208.7 and as approved by the voters at the November 6, 2018, general election, the city of  
208.8 Worthington may impose, by ordinance, a sales and use tax of one-half of one percent for  
208.9 the purposes specified in subdivision 3. Except as otherwise provided in this section, the  
208.10 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
208.11 collection, and enforcement of the tax authorized under this subdivision. The taxes under  
208.12 this subdivision and subdivision 2 may not be imposed until the city complies with the  
208.13 provisions of section 31.

208.14 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,  
208.15 or any other contrary provision of law, ordinance, or city charter, the city of Worthington  
208.16 may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up  
208.17 to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person  
208.18 engaged within the city of Worthington in the business of selling motor vehicles at retail.

208.19 Subd. 3. **Use of tax revenues.** (a) The revenues derived from the taxes authorized under  
208.20 subdivisions 1 and 2 must be used by the city of Worthington to pay the costs of collecting  
208.21 and administering the tax and paying for the projects listed in this subdivision, including  
208.22 securing and paying debt service on bonds issued to finance all or part of the following  
208.23 projects:

208.24 (1) improvements to the aquatic center;

208.25 (2) improvements to the field house;

208.26 (3) improvements to the ice arena;

208.27 (4) other park and recreation capital projects and improvements;

208.28 (5) lake quality improvement; and

208.29 (6) improvements to the 10th Street plaza.

208.30 (b) The total amount of projects to be funded with the taxes imposed under subdivisions  
208.31 1 and 2 shall not exceed \$25,000,000 plus the costs related to the issuance of and paying  
208.32 debt service on bonds for these projects.



209.1 Subd. 4. **Bonding authority.** (a) The city of Worthington may issue bonds under  
209.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects  
209.3 authorized in subdivision 3. The aggregate principal amount of bonds issued under this  
209.4 subdivision may not exceed \$25,000,000 plus an amount applied to the payment of costs  
209.5 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
209.6 city of Worthington, including the taxes authorized under subdivisions 1 and 2. The issuance  
209.7 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
209.8 275.61.

209.9 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
209.10 Worthington and are not included in computing any debt limitation applicable to the city.  
209.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
209.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
209.13 under Minnesota Statutes, section 475.58, is not required.

209.14 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
209.15 at the earlier of: (1) 15 years after the taxes are first imposed; or (2) when the city council  
209.16 determines that the city has received \$25,000,000 from this tax to fund the projects listed  
209.17 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance  
209.18 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed  
209.19 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
209.20 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire  
209.21 at an earlier time if the city so determines by ordinance.

209.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
209.23 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
209.24 645.021, subdivisions 2 and 3.

209.25 Sec. 31. **RESOLUTION AND PUBLIC NOTICE OF SPECIFIC PROJECTS TO**  
209.26 **BE FUNDED WITH A LOCAL SALES TAX.**

209.27 (a) A city authorized to impose a local sales tax based on voter approval at the November  
209.28 2018 general election that is subject to this provision must meet the requirements in this  
209.29 section before imposing the tax. The city must pass a resolution at a regularly scheduled  
209.30 city council meeting outlining each of the specific capital projects that will be funded by  
209.31 the tax and the anticipated amount of the revenues to be raised from the tax that will be used  
209.32 for each project. Within allowed funding areas listed in the authorized uses of the tax revenue,  
209.33 the city must give priority to funding projects of regional significance. For purposes of this  
209.34 section a "specific capital project" means:

210.1 (1) a single building or structure including associated infrastructure needed to safely  
210.2 access or use the building or structure;

210.3 (2) improvements within a single park or named recreation area;

210.4 (3) a contiguous trail;

210.5 (4) a contiguous segment of roadway, or two or more contiguous segments of roadway  
210.6 provided that all segments of the roadway are listed, and including city infrastructure beneath  
210.7 the roadway provided the infrastructure is explicitly listed; and

210.8 (5) a sanitary sewer, storm sewer, or water project in a contiguous geographic area served  
210.9 by the project that is specifically described in the resolution.

210.10 (b) The resolution must be sent to the commissioner of revenue and the tax may not be  
210.11 imposed until the commissioner certifies that the resolution meets the requirements of this  
210.12 section. The resolution must also be published on the city's website in a manner easily  
210.13 accessible to the public either through a link displayed on the city's home page or by  
210.14 publishing it directly on the city's home page. The resolution must remain on the website  
210.15 until the tax terminates. Only projects listed in the resolution may be funded by the local  
210.16 sales tax.

210.17 (c) The authority to impose a local sales tax that is subject to this section expires on  
210.18 January 1, 2021, if the commissioner has not certified that the city has passed a resolution  
210.19 that meets the requirements of this section by the last business day before December 31,  
210.20 2020.

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

## 210.22 **ARTICLE 8**

### 210.23 **TAX INCREMENT FINANCING**

210.24 Section 1. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter  
210.25 143, article 9, section 11, is amended to read:

210.26 **Sec. 26. BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

210.27 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
210.28 activities must be undertaken within a five-year period from the date of certification of a  
210.29 tax increment financing district, are increased to a ~~15-year~~ 25-year period for the Port  
210.30 Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,  
210.31 Bloomington Central Station.

211.1 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other  
 211.2 law to the contrary, the city of Bloomington and its port authority may extend the duration  
 211.3 limits of the district for a period through December 31, 2039.

211.4 (c) Effective for taxes payable in 2014, tax increment for the district must be computed  
 211.5 using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section  
 211.6 469.177, subdivision 1a.

211.7 **EFFECTIVE DATE.** This section is effective upon compliance by the city of  
 211.8 Bloomington with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

211.9 Sec. 2. Laws 2014, chapter 308, article 6, section 8, subdivision 1, as amended by Laws  
 211.10 2017, First Special Session chapter 1, article 6, section 11, is amended to read:

211.11 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of  
 211.12 Edina or its development authority may establish one or more tax increment financing  
 211.13 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries  
 211.14 exist on March 31, 2014.

211.15 (b) The authority to request certification of districts under this section expires on  
 211.16 December 31, ~~2019~~ 2021.

211.17 **EFFECTIVE DATE.** This section is effective without local approval under Minnesota  
 211.18 Statutes, section 645.023, subdivision 1, paragraph (b).

211.19 Sec. 3. Laws 2014, chapter 308, article 6, section 8, subdivision 3, is amended to read:

211.20 Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment from  
 211.21 the Southdale 2 district for a housing project of a district established under this section as  
 211.22 expenditures qualifying under Minnesota Statutes, section 469.1763, subdivision 2, paragraph  
 211.23 ~~(d): (1) without regard to whether the housing meets the requirement of a qualified building~~  
 211.24 ~~under section 42 of the Internal Revenue Code; and (2) may increase by an additional 25~~  
 211.25 ~~percentage points the permitted amount of expenditures for activities located outside the~~  
 211.26 ~~geographic area of the district permitted under that section (b).~~

211.27 **EFFECTIVE DATE.** This section is effective upon local approval by the governing  
 211.28 body of the city of Edina and its compliance with the requirements of Minnesota Statutes,  
 211.29 section 645.021, subdivision 3.

212.1 Sec. 4. **CITY OF CHAMPLIN; TAX INCREMENT FINANCING DISTRICT;**  
212.2 **PROJECT REQUIREMENTS.**

212.3 Subdivision 1. **Five-year rule.** The five-year rule under Minnesota Statutes, section  
212.4 469.1763, subdivision 3, is extended to a ten-year period for the Mississippi Crossings tax  
212.5 increment financing district.

212.6 Subd. 2. **Term of district.** The term of the Mississippi Crossings tax increment district  
212.7 is extended an additional five years.

212.8 Subd. 3. **Revenues for decertification.** Minnesota Statutes, section 469.1763, subdivision  
212.9 4, does not apply to the Mississippi Crossings tax increment financing district.

212.10 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota Statutes,  
212.11 section 645.021, subdivisions 2 and 3.

212.12 Sec. 5. **CITY OF MINNEAPOLIS; UPPER HARBOR TERMINAL**  
212.13 **REDEVELOPMENT PROJECT.**

212.14 Subdivision 1. **Qualifying rules.** Notwithstanding the criteria in Minnesota Statutes,  
212.15 section 469.174, subdivision 10, the governing body of the city of Minneapolis may establish  
212.16 by resolution one or more redevelopment tax increment financing districts within that portion  
212.17 of the North Washington Industrial Park Redevelopment Project Area as its boundaries  
212.18 existed on January 1, 2019, located north of Lowry Avenue. In each resolution, the city  
212.19 must find that each parcel in the district was part of property that was formerly used as a  
212.20 municipally owned intermodal barge shipping facility that can no longer be used for such  
212.21 purpose due to the closure of the Upper St. Anthony Falls Lock under the federal Water  
212.22 Resources Reform and Development Act of 2014. Except as provided in this section, the  
212.23 provisions of Minnesota Statutes, sections 469.174 to 469.1794, apply to each district created  
212.24 under this section.

212.25 Subd. 2. **Use of increments.** Minnesota Statutes, section 469.176, subdivision 4j, does  
212.26 not apply to any district established under this section.

212.27 Subd. 3. **Five-year rule.** The five-year period under Minnesota Statutes, section 469.1763,  
212.28 subdivision 3, is extended to ten years for any district established under this section.

212.29 Subd. 4. **Pooling authority.** Notwithstanding Minnesota Statutes, section 469.1763,  
212.30 subdivision 2, tax increments from any district established under this section may be  
212.31 expended anywhere within the portion of the project area as described in subdivision 1, on  
212.32 eligible costs permitted under Minnesota Statutes, sections 469.174 to 469.1794.

213.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
213.2 city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section  
213.3 645.021, subdivisions 2 and 3.

213.4 Sec. 6. **EXPENDITURE OF HAZARDOUS SUBSTANCE SUBDISTRICT TAX**  
213.5 **INCREMENT.**

213.6 Notwithstanding the provisions of Minnesota Statutes, section 469.1763, or any other  
213.7 law to the contrary, the city of Roseville and the Roseville Economic Development Authority  
213.8 may use any or all increment generated from Hazardous Substance Subdistrict No. 17A for  
213.9 the purpose of financing environmental remediation pursuant to one or more response action  
213.10 plans on the parcels within or adjacent to the parcels in the subdistrict as originally certified,  
213.11 regardless of the date of approval of the response action plan by the Pollution Control  
213.12 Agency.

213.13 **EFFECTIVE DATE.** This section is effective upon compliance by the governing body  
213.14 of the city of Roseville with the requirements of Minnesota Statutes, section 645.021,  
213.15 subdivision 3.

213.16 Sec. 7. **CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT;**  
213.17 **PROJECT REQUIREMENTS.**

213.18 Subdivision 1. **Establishment.** The city of Duluth or the Duluth Economic Development  
213.19 Authority may establish one or more redevelopment tax increment financing districts located  
213.20 in the city of Duluth, St. Louis County, Minnesota, within the area bordered on the northeast  
213.21 by Slip 3 and the Pier B Resort property line extended northwest to Interstate 35, on the  
213.22 southeast by the Duluth Harbor, on the southwest by the Compass Minerals property line  
213.23 extended northwest to Interstate 35, and on the northwest by Interstate 35, together with  
213.24 adjacent roads and rights-of-way; and such property is deemed to meet the requirements of  
213.25 Minnesota Statutes, section 469.174, subdivision 10.

213.26 Subd. 2. **Eligible expenditures.** Expenditures incurred in connection with the  
213.27 development of the property described in subdivision 1 are deemed to meet the requirements  
213.28 of Minnesota Statutes, section 469.176, subdivision 4j. Minnesota Statutes, section 469.176,  
213.29 subdivision 4l, does not apply to any tax increment financing district established in the area  
213.30 described in subdivision 1. Eligible expenditures for any tax increment financing district  
213.31 established in the area described in subdivision 1 include, without limitation, seawalls and  
213.32 pier facings adjacent to the boundaries of such district.

214.1 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota Statutes,  
214.2 section 645.021, subdivisions 2 and 3.

214.3 Sec. 8. **CITY OF BURNSVILLE; TIF AUTHORITY.**

214.4 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the  
214.5 economic development authority of the city of Burnsville or the city of Burnsville may  
214.6 establish one or more redevelopment districts located wholly within the area of the city of  
214.7 Burnsville, Dakota County, Minnesota, limited to the parcels comprising the Burnsville  
214.8 Center mall together with adjacent rights-of-way.

214.9 Subd. 2. **Special rules.** If the city of authority establishes a tax increment financing  
214.10 district under this section, the following special rules apply:

214.11 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section  
214.12 469.174, subdivision 10; and

214.13 (2) expenditures incurred in connection with the development of the property described  
214.14 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,  
214.15 subdivision 4j.

214.16 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
214.17 of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section  
214.18 645.021.

## 214.19 **ARTICLE 9**

### 214.20 **PUBLIC FINANCE**

214.21 Section 1. Minnesota Statutes 2018, section 37.31, subdivision 1, is amended to read:

214.22 Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal  
214.23 amount that the society determines necessary to provide sufficient money for achieving its  
214.24 purposes, including the payment of interest on bonds of the society, the establishment of  
214.25 reserves to secure its bonds, the payment of fees to a third party providing credit  
214.26 enhancement, and the payment of all other expenditures of the society incident to and  
214.27 necessary or convenient to carry out its corporate purposes and powers. Bonds of the society  
214.28 may be issued as bonds or notes or in any other form authorized by law. The principal  
214.29 amount of bonds issued and outstanding under this section at any time may not exceed  
214.30 ~~\$20,000,000~~ \$30,000,000, excluding bonds for which refunding bonds or crossover refunding  
214.31 bonds have been issued.

215.1 Sec. 2. Minnesota Statutes 2018, section 103E.611, subdivision 2, is amended to read:

215.2 Subd. 2. **Interest.** (a) Interest is an additional drainage lien on all property until paid.

215.3 The interest rate on the drainage lien principal from the date the drainage lien statement is  
215.4 recorded must be set by the board but may not exceed the rate determined by the state court  
215.5 administrator for judgments under section 549.09, or six percent, whichever is greater.

215.6 (b) Before the tax lists for the year are given to the county treasurer, the auditor shall  
215.7 compute the interest on the unpaid balance of the drainage lien at the rate set by the board.

215.8 The amount of interest must be computed on the entire unpaid principal from the date the  
215.9 drainage lien was recorded to August 15 of the next calendar year, and afterwards from  
215.10 August 15 to August 15 of each year.

215.11 (c) Interest is due and payable after November 1 of each year the drainage lien principal  
215.12 or interest is due and unpaid.

215.13 Sec. 3. Minnesota Statutes 2018, section 123B.595, subdivision 5, is amended to read:

215.14 Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds  
215.15 under this section to finance facilities plans approved by its board and the commissioner.

215.16 Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to  
215.17 issue bonds under this section is in addition to any bonding authority authorized by this  
215.18 chapter or other law. The amount of bonding authority authorized under this section must  
215.19 be disregarded in calculating the bonding or net debt limits of this chapter, or any other law  
215.20 other than section 475.53, subdivision 4.

215.21 (b) At least 20 days before the earliest of ~~solicitation of bids~~, the issuance of bonds, or  
215.22 the final certification of levies under subdivision 6, the district must publish notice of the  
215.23 intended projects, the amount of the bond issue, and the total amount of district indebtedness.

215.24 (c) The portion of revenue under this section for bonded debt must be recognized in the  
215.25 debt service fund.

215.26 Sec. 4. Minnesota Statutes 2018, section 297A.993, subdivision 1, is amended to read:

215.27 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions  
215.28 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county ~~outside the~~  
215.29 ~~metropolitan transportation area, as defined under section 297A.992, subdivision 1,~~ or more  
215.30 than one county ~~outside the metropolitan transportation area~~ acting under a joint powers  
215.31 agreement, may by resolution of the county board, or each of the county boards, following  
215.32 a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent

216.1 on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor  
216.2 vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any  
216.3 person engaged in the business of selling motor vehicles at retail, occurring within the  
216.4 jurisdiction of the taxing authority.

216.5 Sec. 5. Minnesota Statutes 2018, section 471.831, is amended to read:

216.6 **471.831 MUNICIPALITY MAY FILE BANKRUPTCY PETITION.**

216.7 Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in  
216.8 subdivision 2, may file a petition and seek any relief available to it under United States  
216.9 Code, title 11, as amended ~~through December 31, 1996.~~

216.10 Subd. 2. **Municipality defined.** In this section, "municipality" means a municipality as  
216.11 defined in United States Code, title 11, section 101, as amended ~~through December 31,~~  
216.12 ~~1996,~~ but limited to a county, statutory or home rule charter city, or town; or a housing and  
216.13 redevelopment authority, economic development authority, or rural development financing  
216.14 authority established under chapter 469, a home rule charter, or special law.

216.15 Sec. 6. Minnesota Statutes 2018, section 473.39, is amended by adding a subdivision to  
216.16 read:

216.17 Subd. 1v. **Obligations.** In addition to other authority in this section, the council may  
216.18 issue certificates of indebtedness, bonds, or other obligations under this section in an amount  
216.19 not exceeding \$92,300,000 for capital expenditures as prescribed in the council's transit  
216.20 capital improvement program and for related costs, including the costs of issuance and sale  
216.21 of the obligations. Of this authorization, after July 1, 2019, the council may issue certificates  
216.22 of indebtedness, bonds, or other obligations in an amount not exceeding \$45,400,000 and  
216.23 after July 1, 2020, the council may issue certificates of indebtedness, bonds, or other  
216.24 obligations in an additional amount not exceeding \$46,900,000.

216.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
216.26 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

216.27 Sec. 7. Minnesota Statutes 2018, section 473.39, subdivision 6, is amended to read:

216.28 Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any  
216.29 proceeds from certificates of indebtedness, bonds, or other obligations under ~~this section~~  
216.30 subdivision 1u for project development, land acquisition, or construction to (1) establish a  
216.31 light rail transit line; or (2) expand a light rail transit line, including by extending a line or  
216.32 adding additional stops.



217.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
217.2 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

217.3 Sec. 8. Minnesota Statutes 2018, section 475.521, subdivision 1, is amended to read:

217.4 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the  
217.5 meanings given.

217.6 (a) "Bonds" mean an obligation defined under section 475.51.

217.7 (b) "Capital improvement" means acquisition or betterment of public lands, buildings  
217.8 or other improvements for the purpose of a city hall, town hall, library, public safety facility,  
217.9 and public works facility. An improvement must have an expected useful life of five years  
217.10 or more to qualify. Capital improvement does not include light rail transit or any activity  
217.11 related to it, or a park, road, bridge, administrative building other than a city or town hall,  
217.12 or land for any of those facilities. For purposes of this section, "capital improvement"  
217.13 includes expenditures for purposes described in this paragraph that have been incurred by  
217.14 a municipality before approval of a capital improvement plan, if such expenditures are  
217.15 included in a capital improvement plan approved on or before the date of the public hearing  
217.16 under subdivision 2 regarding issuance of bonds for such expenditures.

217.17 (c) "Municipality" means a home rule charter or statutory city or a town ~~described in~~  
217.18 ~~section 368.01, subdivision 1 or 1a.~~

217.19 Sec. 9. **REPEALER.**

217.20 Minnesota Statutes 2018, section 37.31, subdivision 8, is repealed.

## 217.21 **ARTICLE 10**

### 217.22 **MISCELLANEOUS**

217.23 Section 1. **[16A.067] TAXPAYER RECEIPT.**

217.24 (a) The commissioner, in consultation with the commissioner of revenue, must develop  
217.25 and publish on the Department of Management and Budget's website an interactive taxpayer  
217.26 receipt in accordance with this section. The receipt must describe the share of state general  
217.27 fund expenditures represented by major expenditure categories in the most recent fiscal  
217.28 year for which data is available. The receipt must show the approximate allocation of motor  
217.29 vehicle fuel taxes among eligible transportation purposes.

218.1 (b) For each expenditure category, the receipt must include select data on the performance  
218.2 goals and outcomes for the category, based on the goals and outcomes data required under  
218.3 section 16A.10, subdivision 1b.

218.4 (c) The website must allow a user to input an income amount, and must estimate the  
218.5 amount of major state taxes paid by the user. The website must allocate the user's estimated  
218.6 state tax liability to each major expenditure category based on the category's percentage  
218.7 share of total state general fund spending. For the purposes of this section, "major state  
218.8 taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

218.9 (d) Using the income amount entered by the user, the website must estimate the amount  
218.10 of income and direct sales taxes paid based upon the taxpayer's income. The website must  
218.11 allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased  
218.12 motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette,  
218.13 alcohol, and motor vehicle fuel taxes paid by the user.

218.14 (e) The commissioner must update the receipt by December 31 of each year, and must  
218.15 annually promote to the public the availability of the website.

218.16 Sec. 2. Minnesota Statutes 2018, section 161.14, is amended by adding a subdivision to  
218.17 read:

218.18 Subd. 88. **Tom Rukavina Memorial Bridge.** The bridge on marked U.S. Highway 53  
218.19 over a mining area easterly of 2nd Avenue West in the city of Virginia is designated as  
218.20 "Tom Rukavina Memorial Bridge." Subject to section 161.139, the commissioner shall  
218.21 adopt a suitable design to mark this bridge and erect appropriate signs.

218.22 Sec. 3. Minnesota Statutes 2018, section 270C.21, is amended to read:

218.23 **270C.21 TAXPAYER ASSISTANCE GRANTS.**

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

218.26 (b) "Financial capability services" means any of the following:

218.27 (1) assistance with opening a savings or transactional account that meets the Federal  
218.28 Deposit Insurance Corporation's model safe accounts template standards;

218.29 (2) assistance with depositing all or part of a tax refund into a savings or transactional  
218.30 account;

219.1 (3) assistance with obtaining and reviewing a consumer report or credit score, as those  
219.2 terms are defined in United States Code, title 15, section 1681a;

219.3 (4) assistance with obtaining and reviewing a banking history report;

219.4 (5) financial coaching, or referral to financial coaching services, as provided in section  
219.5 256E.35, subdivision 4a;

219.6 (6) National Foundation for Credit Counseling certified consumer credit and debt  
219.7 counseling or referral to these services;

219.8 (7) enrollment in a matched or incentivized savings program, including the provision  
219.9 of matching or incentive funds;

219.10 (8) referral to a certified financial planner, registered investment adviser, licensed  
219.11 insurance producer or agent, or a registered securities broker-dealer representative for private  
219.12 sector retirement options; or

219.13 (9) assistance with purchasing a Series I United States Savings Bond with all or part of  
219.14 a tax refund.

219.15 (c) "Transactional account" means a traditional demand deposit account or a general  
219.16 purpose reloadable prepaid card offered by a bank or credit union.

219.17 (d) "TCE" means the Tax Counseling for the Elderly program established by the Internal  
219.18 Revenue Service.

219.19 (e) "VITA" means the Volunteer Income Tax Assistance program established by the  
219.20 Internal Revenue Service.

219.21 Subd. 2. Permitted use of taxpayer assistance grants. ~~When the commissioner awards~~  
219.22 ~~grants to nonprofit organizations~~ (a) The commissioner may award grants to nonprofit  
219.23 organizations for the following purposes:

219.24 (1) to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance  
219.25 services; and

219.26 (2) to provide financial capability services integrated with the delivery of taxpayer  
219.27 assistance services funded under clause (1).

219.28 (b) Grants under paragraph (a), clause (2), may only be made to qualified applicants, as  
219.29 defined under subdivision 3.

219.30 Subd. 3. Qualified applicant. To be eligible to receive a grant under subdivision 2,  
219.31 clause (2), an applicant must:

220.1 (1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered with  
220.2 the Internal Revenue Service as part of either the VITA or TCE programs; and

220.3 (2) commit to dedicate at least one staff or volunteer position to coordinate financial  
220.4 capability services at a VITA or TCE program site and to offer VITA or TCE program  
220.5 participants free assistance with the initiation through completion of:

220.6 (i) opening a savings and a transactional account that meet the Federal Deposit Insurance  
220.7 Corporation's model safe accounts template standards;

220.8 (ii) depositing all or part of a tax refund into a savings or transactional account; and

220.9 (iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

220.10 Subd. 4. **Conflict of interest.** (a) No applicant for a grant under subdivision 2, clause  
220.11 (2), may receive direct compensation from a bank, credit union, or other financial services  
220.12 provider or vendor in exchange for the applicant offering to program participants the products  
220.13 or services of that bank, credit union, or other financial services provider or vendor.

220.14 (b) No applicant for a grant under subdivision 2, clause (2), may receive funding from  
220.15 a bank, credit union, or other financial services provider or vendor that is contingent on the  
220.16 applicant offering products or services of that bank, credit union, or other financial services  
220.17 provider or vendor to program participants.

220.18 (c) An applicant for a grant under subdivision 2, clause (2), may receive funding from  
220.19 a bank, credit union, or other financial services provider or vendor that is not in exchange  
220.20 for or contingent upon the applicant offering products or services of that bank, credit union,  
220.21 or other financial services provider or vendor to program participants.

220.22 (d) An applicant or a recipient of a grant under subdivision 2, paragraph (a), clause (2),  
220.23 must disclose any funding from a bank, credit union, or other financial services provider or  
220.24 vendor whose products or services will be offered at the applicant's or recipient's VITA or  
220.25 TCE site.

220.26 Subd. 5. **Public notice.** The commissioner must provide public notice of the grants in  
220.27 a timely manner so that the grant process is completed and grants are awarded by October  
220.28 1, in order for recipient organizations to adequately plan expenditures for the filing season.  
220.29 At the time the commissioner provides public notice, the commissioner must also notify  
220.30 nonprofit organizations that received grants in the previous biennium.

220.31 Subd. 6. **Technical assistance.** Within available appropriations, the commissioner shall  
220.32 offer technical assistance to an organization that meets the requirement in subdivision 3,  
220.33 clause (1). The technical assistance may include, but is not limited to:

- 221.1 (1) tax site development and management training;
- 221.2 (2) VITA and TCE site coordinator training;
- 221.3 (3) individual tax preparer and reviewer training on tax law;
- 221.4 (4) support in developing volunteer training;
- 221.5 (5) tax return preparation software and e-file administration training; and
- 221.6 (6) one-on-one support by phone and e-mail for problem solving at tax site programs.

221.7 Subd. 7. **Reporting.** A recipient of a grant under this section must report to the

221.8 commissioner on the recipient's use of the grant money. Reporting requirements must include

221.9 but are not limited to:

- 221.10 (1) the number of people who receive financial capability services and what kind of
- 221.11 services;
- 221.12 (2) the number of savings or transactional accounts opened;
- 221.13 (3) the number of savings bonds purchased; and
- 221.14 (4) the average amount of federal tax refund.

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

221.16 Sec. 4. Minnesota Statutes 2018, section 289A.08, is amended by adding a subdivision to

221.17 read:

221.18 Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income

221.19 taxpayers the opportunity to elect to receive information about a taxpayer receipt via e-mail

221.20 or United States mail. In the manner selected by the taxpayer, the commissioner must provide

221.21 the taxpayer with information about how to access the taxpayer receipt website established

221.22 under section 16A.067. The commissioner must allow a taxpayer to elect not to receive

221.23 information about the receipt.

221.24 (b) Both the long and short forms described in subdivision 13 must include the

221.25 opportunity to elect to receive information about the receipt.

221.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

221.27 31, 2018.

222.1 Sec. 5. APPROPRIATION; TAXPAYER ASSISTANCE GRANTS.

222.2 \$400,000 in fiscal year 2020 and \$400,000 in fiscal year 2021 are appropriated from the  
 222.3 general fund to the commissioner of revenue for grants under Minnesota Statutes, section  
 222.4 270C.21, subdivision 2. These amounts are in addition to any other amounts appropriated  
 222.5 by law. Of the amount appropriated, up to five percent may be used for the administration  
 222.6 of the taxpayer assistance grants program.

222.7 Sec. 6. APPROPRIATION; TAXPAYER RECEIPT.

222.8 \$100,000 in fiscal year 2021 is appropriated from the general fund to the commissioner  
 222.9 of management and budget to develop and publish the taxpayer receipt under section  
 222.10 16A.067. The base funding for this program is \$47,000 in fiscal year 2022 and thereafter.

222.11 **ARTICLE 11**

222.12 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE**  
 222.13 **FRANCHISE TAXES: POLICY CHANGES**

222.14 Section 1. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

222.15 Subd. 26. **Social Security benefits.** (a) A portion of Social Security benefits is allowed  
 222.16 as a subtraction. The subtraction equals the lesser of Social Security benefits or a maximum  
 222.17 subtraction subject to the limits under paragraphs (b), (c), and (d).

222.18 (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
 222.19 subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional  
 222.20 income over \$77,000. In no case is the subtraction less than zero.

222.21 (c) For single or head-of-household taxpayers, the maximum subtraction equals \$3,500.  
 222.22 The maximum subtraction is reduced by 20 percent of provisional income over \$60,200.  
 222.23 In no case is the subtraction less than zero.

222.24 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~  
 222.25 one-half the maximum subtraction for joint returns under paragraph (b). The maximum  
 222.26 subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the  
 222.27 threshold amount specified in paragraph (b). In no case is the subtraction less than zero.

222.28 (e) For purposes of this subdivision, "provisional income" means modified adjusted  
 222.29 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of  
 222.30 the Social Security benefits received during the taxable year, and "Social Security benefits"  
 222.31 has the meaning given in section 86(d)(1) of the Internal Revenue Code.

223.1 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
223.2 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section  
223.3 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue  
223.4 Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner  
223.5 shall then determine the percentage change from the 12 months ending on August 31, 2016,  
223.6 to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12  
223.7 months ending on August 31, 2016, to the 12 months ending on August 31 of the year  
223.8 preceding the taxable year. The determination of the commissioner pursuant to this  
223.9 subdivision must not be considered a rule and is not subject to the Administrative Procedure  
223.10 Act contained in chapter 14, including section 14.386. The maximum subtraction and  
223.11 threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount  
223.12 ends in \$5, the amount is rounded up to the nearest \$10 amount.

223.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
223.14 31, 2018.

223.15 Sec. 2. Minnesota Statutes 2018, section 290.0137, is amended to read:

223.16 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**  
223.17 **SALE GAINS.**

223.18 (a) In the case of a nonresident individual or a person who becomes a nonresident  
223.19 individual during the tax year, taxable net income shall include the ~~allocable~~ amount realized  
223.20 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated  
223.21 in Minnesota during the year of sale, including any income or gain to be recognized in future  
223.22 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

223.23 (1) For the purposes of this paragraph, an individual who becomes a nonresident of  
223.24 Minnesota in any year after an installment sale is required to recognize the full amount of  
223.25 any income or gain described in this paragraph on the individual's final Minnesota resident  
223.26 tax return to the extent that such income has not been recognized in a prior year.

223.27 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)  
223.28 of the Internal Revenue Code.

223.29 (3) For the purposes of this section, "installment sale" means any installment sale under  
223.30 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a  
223.31 method of accounting authorized under subchapter E of the Internal Revenue Code that  
223.32 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

224.1 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~  
224.2 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~  
224.3 ~~to Minnesota under section 290.17.~~

224.4 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing  
224.5 unrecognized installment sale gains by making an election under this paragraph. The election  
224.6 must be filed on a form to be determined or prescribed by the commissioner and must be  
224.7 filed by the due date of the individual income tax return, including any extension. Electing  
224.8 taxpayers must make an irrevocable agreement to:

224.9 (1) file Minnesota tax returns in all subsequent years when gains from the installment  
224.10 sales are recognized and reported to the Internal Revenue Service;

224.11 (2) allocate gains to the state of Minnesota as though the gains were realized in the year  
224.12 of sale under section 290.17, 290.191, or 290.20; and

224.13 (3) include all relevant federal tax documents reporting the installment sale with  
224.14 subsequent Minnesota tax returns.

224.15 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must  
224.16 be excluded from taxable net income in any future year that the taxpayer files a Minnesota  
224.17 tax return to the extent that the income or gain has already been subject to tax pursuant to  
224.18 paragraph (a).

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

224.20 Sec. 3. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

224.21 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
224.22 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
224.23 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
224.24 their taxable net income the following schedule of rates:

224.25 (1) On the first \$35,480, 5.35 percent;

224.26 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

224.27 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

224.28 (4) On all over \$250,000, 9.85 percent.

224.29 Married individuals filing separate returns, estates, and trusts must compute their income  
224.30 tax by applying the above rates to their taxable income, except that the income brackets  
224.31 will be one-half of the above amounts after the adjustment required in subdivision 2d.



225.1 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
225.2 computed by applying to taxable net income the following schedule of rates:

225.3 (1) On the first \$24,270, 5.35 percent;

225.4 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

225.5 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

225.6 (4) On all over \$150,000, 9.85 percent.

225.7 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
225.8 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
225.9 computed by applying to taxable net income the following schedule of rates:

225.10 (1) On the first \$29,880, 5.35 percent;

225.11 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

225.12 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

225.13 (4) On all over \$200,000, 9.85 percent.

225.14 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
225.15 of any individual taxpayer whose taxable net income for the taxable year is less than an  
225.16 amount determined by the commissioner must be computed in accordance with tables  
225.17 prepared and issued by the commissioner of revenue based on income brackets of not more  
225.18 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
225.19 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
225.20 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

225.21 (e) An individual who is not a Minnesota resident for the entire year must compute the  
225.22 individual's Minnesota income tax as provided in this subdivision. After the application of  
225.23 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
225.24 by a fraction in which:

225.25 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
225.26 defined in section 62 of the Internal Revenue Code and increased by:

225.27 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,  
225.28 and 290.0137, paragraph (a); and reduced by

225.29 (ii) the Minnesota assignable portion of the subtraction for United States government  
225.30 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections

226.1 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying  
226.2 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

226.3 (2) the denominator is the individual's federal adjusted gross income as defined in section  
226.4 62 of the Internal Revenue Code, increased by:

226.5 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,  
226.6 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

226.7 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions  
226.8 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

226.9 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years  
226.10 beginning after December 31, 2018. The amendment to paragraph (e) is effective the day  
226.11 following final enactment.

226.12 Sec. 4. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

226.13 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after  
226.14 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for  
226.15 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage  
226.16 determined under paragraph (b). For the purpose of making the adjustment as provided in  
226.17 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets  
226.18 as they existed for taxable years beginning after December 31, 2012, and before January 1,  
226.19 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts  
226.20 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate  
226.21 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in  
226.22 \$5, it must be rounded up to the nearest \$10 amount.

226.23 (b) The commissioner shall adjust the rate brackets and by the percentage determined  
226.24 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
226.25 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the  
226.26 commissioner shall then determine the percent change from the 12 months ending on August  
226.27 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from  
226.28 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the  
226.29 year preceding the taxable year. The commissioner shall determine the rate bracket for  
226.30 married filing separate returns after this adjustment is done. The rate bracket for married  
226.31 filing separate must be one-half of the rate bracket for married filing joint. The determination  
226.32 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
226.33 not be subject to the Administrative Procedure Act contained in chapter 14.

227.1 No later than December 15 of each year, the commissioner shall announce the specific  
227.2 percentage that will be used to adjust the tax rate brackets.

227.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
227.4 31, 2018.

227.5 **ARTICLE 12**

227.6 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE**  
227.7 **FRANCHISE TAXES: TECHNICAL CHANGES**

227.8 Section 1. Minnesota Statutes 2018, section 289A.38, subdivision 7, is amended to read:

227.9 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,  
227.10 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any  
227.11 period, as reported to the Internal Revenue Service is changed or corrected by the  
227.12 commissioner of Internal Revenue or other officer of the United States or other competent  
227.13 authority, or where a renegotiation of a contract or subcontract with the United States results  
227.14 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,  
227.15 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall  
227.16 report the change or correction or renegotiation results in writing to the commissioner. The  
227.17 report must be submitted within 180 days after the final determination and must be in the  
227.18 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or  
227.19 income tax return conceding the accuracy of the federal determination or a letter detailing  
227.20 how the federal determination is incorrect or does not change the Minnesota tax. An amended  
227.21 Minnesota income tax return must be accompanied by an amended property tax refund  
227.22 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy  
227.23 of the amended return with the commissioner of revenue within 180 days after filing the  
227.24 amended return.

227.25 (b) For the purposes of paragraph (a), a change or correction includes any case where a  
227.26 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service  
227.27 under section 7121 or 7122 of the Internal Revenue Code.

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

227.29 Sec. 2. Minnesota Statutes 2018, section 290.92, subdivision 28, is amended to read:

227.30 Subd. 28. **Payments to horse racing license holders.** Effective with payments made  
227.31 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission  
227.32 who makes a payment for personal or professional services to a holder of a class C license  
227.33 issued by the commission, except an amount paid as a purse, shall deduct from the payment

228.1 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount  
228.2 paid to that individual by the same person during the calendar year exceeds \$600. For  
228.3 purposes of the provisions of this section, a payment to any person which is subject to  
228.4 withholding under this subdivision must be treated as if the payment was a wage paid by  
228.5 an employer to an employee. Every individual who is to receive a payment which is subject  
228.6 to withholding under this subdivision shall furnish the license holder with a statement, made  
228.7 under the penalties of perjury, containing the name, address, and Social Security account  
228.8 number of the person receiving the payment. No withholding is required if the individual  
228.9 presents a signed certificate from the individual's employer which states that the individual  
228.10 is an employee of that employer. A nonresident individual who holds a class C license must  
228.11 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section  
228.12 290.17, subdivision 2(1)(b)(ii)(a)(2)(i).

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

228.14 Sec. 3. Minnesota Statutes 2018, section 462D.03, subdivision 2, is amended to read:

228.15 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate  
228.16 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~  
228.17 in a form and manner prescribed by the commissioner following the taxable year in which  
228.18 the account was established. The account holder may be the qualified beneficiary. The  
228.19 account holder may change the designated qualified beneficiary at any time, but no more  
228.20 than one qualified beneficiary may be designated for an account at any one time. For purposes  
228.21 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing  
228.22 the designated qualified beneficiary of an account does not affect computation of the ten-year  
228.23 period under section 462D.06, subdivision 2.

228.24 (b) The commissioner shall establish a process for account holders to notify the state  
228.25 that permits recording of the account, the account holder or holders, any transfers under  
228.26 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.  
228.27 This may be done upon filing the account holder's income tax return or in any other way  
228.28 the commissioner determines to be appropriate.

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

**ARTICLE 13****PARTNERSHIP TAX; POLICY**

229.1 Section 1. Minnesota Statutes 2018, section 270C.445, subdivision 6, is amended to read:

229.2  
229.3  
229.4 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
229.5 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
229.6 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed  
229.7 for any conduct for which a tax preparer penalty is imposed under section 289A.60,  
229.8 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit  
229.9 returns electronically to the state, if the commissioner determines the tax preparer engaged  
229.10 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph  
229.11 is subject to the contested case procedure under chapter 14. The commissioner shall collect  
229.12 the penalty in the same manner as the income tax. There is no right to make a claim for  
229.13 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed  
229.14 under this paragraph are public data.

229.15 (b) In addition to the penalty under paragraph (a), if the commissioner determines that  
229.16 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may  
229.17 issue an administrative order to the tax preparer requiring the tax preparer to cease and  
229.18 desist from committing the violation. The administrative order may include an administrative  
229.19 penalty provided in paragraph (a).

229.20 (c) If the commissioner issues an administrative order under paragraph (b), the  
229.21 commissioner must send the order to the tax preparer addressed to the last known address  
229.22 of the tax preparer.

229.23 (d) A cease and desist order under paragraph (b) must:

229.24 (1) describe the act, conduct, or practice committed and include a reference to the law  
229.25 that the act, conduct, or practice violates; and

229.26 (2) provide notice that the tax preparer may request a hearing as provided in this  
229.27 subdivision.

229.28 (e) Within 30 days after the commissioner issues an administrative order under paragraph  
229.29 (b), the tax preparer may request a hearing to review the commissioner's action. The request  
229.30 for hearing must be made in writing and must be served on the commissioner at the address  
229.31 specified in the order. The hearing request must specifically state the reasons for seeking  
229.32 review of the order. The date on which a request for hearing is served by mail is the postmark  
229.33 date on the envelope in which the request for hearing is mailed.

230.1 (f) If a tax preparer does not timely request a hearing regarding an administrative order  
230.2 issued under paragraph (b), the order becomes a final order of the commissioner and is not  
230.3 subject to review by any court or agency.

230.4 (g) If a tax preparer timely requests a hearing regarding an administrative order issued  
230.5 under paragraph (b), the hearing must be commenced within ten days after the commissioner  
230.6 receives the request for a hearing.

230.7 (h) A hearing timely requested under paragraph (e) is subject to the contested case  
230.8 procedure under chapter 14, as modified by this subdivision. The administrative law judge  
230.9 must issue a report containing findings of fact, conclusions of law, and a recommended  
230.10 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,  
230.11 or the submission of written arguments, whichever is later.

230.12 (i) Within five days of the date of the administrative law judge's report issued under  
230.13 paragraph (h), any party aggrieved by the administrative law judge's report may submit  
230.14 written exceptions and arguments to the commissioner. Within 15 days after receiving the  
230.15 administrative law judge's report, the commissioner must issue an order vacating, modifying,  
230.16 or making final the administrative order.

230.17 (j) The commissioner and the tax preparer requesting a hearing may by agreement  
230.18 lengthen any time periods prescribed in paragraphs (g) to (i).

230.19 (k) An administrative order issued under paragraph (b) is in effect until it is modified  
230.20 or vacated by the commissioner or an appellate court. The administrative hearing provided  
230.21 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute  
230.22 the exclusive remedy for a tax preparer aggrieved by the order.

230.23 (l) The commissioner may impose an administrative penalty, in addition to the penalty  
230.24 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
230.25 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case  
230.26 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
230.27 this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
230.28 penalty order. The request for hearing must be made in writing and must be served on the  
230.29 commissioner at the address specified in the order. The hearing request must specifically  
230.30 state the reasons for seeking review of the order. The cease and desist order issued under  
230.31 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
230.32 this paragraph. The date on which a request for hearing is served by mail is the postmark  
230.33 date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
230.34 timely request a hearing, the penalty order becomes a final order of the commissioner and

231.1 is not subject to review by any court or agency. A penalty imposed by the commissioner  
231.2 under this paragraph may be collected and enforced by the commissioner as an income tax  
231.3 liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
231.4 imposed under this paragraph. A penalty imposed under this paragraph is public data.

231.5 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the  
231.6 commissioner may terminate the tax preparer's authority to transmit returns electronically  
231.7 to the state. Termination under this paragraph is public data.

231.8 (n) A cease and desist order issued under paragraph (b) is public data when it is a final  
231.9 order.

231.10 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
231.11 action under this subdivision against a tax preparer, with respect to a return, within the  
231.12 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.384.

231.13 (p) Notwithstanding any other law, the imposition of a penalty or any other action against  
231.14 a tax preparer under this subdivision, other than with respect to a return, must be taken by  
231.15 the commissioner within five years of the violation of statute.

231.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
231.17 after December 31, 2017, except that for partnerships that make an election under Code of  
231.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
231.19 and applies to the same tax periods to which the election relates.

231.20 Sec. 2. Minnesota Statutes 2018, section 289A.31, subdivision 1, is amended to read:

231.21 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**  
231.22 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining  
231.23 company, and corporate franchise taxes, and interest and penalties, must be paid by the  
231.24 taxpayer upon whom the tax is imposed, except in the following cases:

231.25 (1) the tax due from a decedent for that part of the taxable year in which the decedent  
231.26 died during which the decedent was alive and the taxes, interest, and penalty due for the  
231.27 prior years must be paid by the decedent's personal representative, if any. If there is no  
231.28 personal representative, the taxes, interest, and penalty must be paid by the transferees, as  
231.29 defined in section 270C.58, subdivision 3, to the extent they receive property from the  
231.30 decedent;

231.31 (2) the tax due from an infant or other incompetent person must be paid by the person's  
231.32 guardian or other person authorized or permitted by law to act for the person;

232.1 (3) the tax due from the estate of a decedent must be paid by the estate's personal  
232.2 representative;

232.3 (4) the tax due from a trust, including those within the definition of a corporation, as  
232.4 defined in section 290.01, subdivision 4, must be paid by a trustee; and

232.5 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,  
232.6 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge  
232.7 of the business or property so far as the tax is due to the income from the business or property.

232.8 (b) Entertainment taxes are the joint and several liability of the entertainer and the  
232.9 entertainment entity. The payor is liable to the state for the payment of the tax required to  
232.10 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the  
232.11 entertainer for the amount of the payment.

232.12 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.383, subdivision  
232.13 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the  
232.14 general partners.

232.15 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
232.16 after December 31, 2017, except that for partnerships that make an election under Code of  
232.17 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
232.18 and applies to the same tax periods to which the election relates.

232.19 Sec. 3. Minnesota Statutes 2018, section 289A.37, subdivision 2, is amended to read:

232.20 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous  
232.21 refund occurs when the commissioner issues a payment to a person that exceeds the amount  
232.22 the person is entitled to receive under law. An erroneous refund is considered an  
232.23 underpayment of tax on the date issued.

232.24 (b) To the extent that the amount paid does not exceed the amount claimed by the  
232.25 taxpayer, an erroneous refund does not include the following:

232.26 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a  
232.27 taxpayer, including but not limited to refunds of claims made under section 290.06,  
232.28 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;  
232.29 290.0681; or 290.0692; or chapter 290A; or

232.30 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a  
232.31 taxpayer.



233.1 (c) The commissioner may make an assessment to recover an erroneous refund at any  
233.2 time within two years from the issuance of the erroneous refund. If all or part of the erroneous  
233.3 refund was induced by fraud or misrepresentation of a material fact, the assessment may  
233.4 be made at any time.

233.5 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be  
233.6 conducted under ~~section~~ sections 289A.38 to 289A.384.

233.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
233.8 after December 31, 2017, except that for partnerships that make an election under Code of  
233.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
233.10 and applies to the same tax periods to which the election relates.

233.11 Sec. 4. Minnesota Statutes 2018, section 289A.38, subdivision 10, is amended to read:

233.12 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding  
233.13 any other provision of this chapter, if a taxpayer whose net income is determined under  
233.14 section 290.01, subdivision 19, omits from income an amount that will under the Internal  
233.15 Revenue Code extend the statute of limitations for the assessment of federal income taxes,  
233.16 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting  
233.17 in adjustments by the Internal Revenue Service, then the period of assessment and  
233.18 determination of tax will be that under the Internal Revenue Code. When a change is made  
233.19 to federal income during the extended time provided under this subdivision, the provisions  
233.20 under ~~subdivisions 7 to 9~~ sections 289A.381 to 289A.384 regarding additional extensions  
233.21 apply.

233.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
233.23 after December 31, 2017, except that for partnerships that make an election under Code of  
233.24 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
233.25 and applies to the same tax periods to which the election relates.

233.26 Sec. 5. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

233.27 Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified,  
233.28 the definitions in this section apply for the purposes of sections 289A.381 to 289A.385.

233.29 Subd. 2. **Administrative adjustment request.** "Administrative adjustment request"  
233.30 means an administrative adjustment request filed by a partnership under section 6227 of  
233.31 the Internal Revenue Code.

234.1 Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a  
234.2 federal adjustment resulting from a partnership-level audit.

234.3 Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax  
234.4 under section 290.02.

234.5 Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal  
234.6 ownership interest in a partnership or pass-through entity.

234.7 Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes  
234.8 on its net income under section 290.05, subdivision 1.

234.9 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount  
234.10 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an  
234.11 item of preference, or any other item that is used by a taxpayer to compute a tax administered  
234.12 under this chapter for the reviewed year whether that change results from action by the  
234.13 Internal Revenue Service or other competent authority, including a partnership-level audit,  
234.14 or the filing of an amended federal return, federal refund claim, or an administrative  
234.15 adjustment request by the taxpayer.

234.16 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method  
234.17 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,  
234.18 including an amended Minnesota tax return or a uniform multistate report.

234.19 Subd. 9. **Federal partnership representative.** "Federal partnership representative"  
234.20 means the person the partnership designates for the taxable year as the partnership's  
234.21 representative, or the person the Internal Revenue Service has appointed to act as the  
234.22 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

234.23 Subd. 10. **Final determination date.** (a) "Final determination date" means:

234.24 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or  
234.25 other competent authority, the first day on which no federal adjustment arising from that  
234.26 audit remains to be finally determined, whether by agreement, or, if appealed or contested,  
234.27 by a final decision with respect to which all rights of appeal have been waived or exhausted;

234.28 (2) for a federal adjustment arising from the filing of an amended federal return, a federal  
234.29 refund claim, or the filing by a partnership of an administrative adjustment request, the day  
234.30 which the amended return, refund claim, or administrative adjustment request was filed; or

234.31 (3) for agreements required to be signed by the Internal Revenue Service and the taxpayer,  
234.32 the date on which the last party signed the agreement.

235.1 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal  
235.2 adjustment for which the final determination date for that federal adjustment has passed.

235.3 Subd. 12. **Indirect partner.** "Indirect partner" means either:

235.4 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal  
235.5 ownership interest in another partnership or pass-through entity; or

235.6 (2) a partner in a partnership or pass-through entity that holds an indirect interest in  
235.7 another partnership or pass-through entity through another indirect partner.

235.8 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly  
235.9 in a partnership or other pass-through entity.

235.10 Subd. 14. **Partnership.** The term "partnership" has the meaning provided under section  
235.11 7701(a)(2) of the Internal Revenue Code.

235.12 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by  
235.13 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,  
235.14 subchapter C, of the Internal Revenue Code, which results in federal adjustments and  
235.15 adjustments to partnership-related items.

235.16 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a  
235.17 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through  
235.18 entity includes but is not limited to S corporations, estates, and trusts other than grantor  
235.19 trusts.

235.20 Subd. 17. **Resident partner.** "Resident partner" means an individual partner or individual  
235.21 indirect partner who is a resident of Minnesota under section 290.01, subdivision 7, for the  
235.22 relevant tax period.

235.23 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that  
235.24 is subject to a partnership-level audit from which federal adjustments arise.

235.25 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or  
235.26 pass-through entity.

235.27 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"  
235.28 has the same meaning as defined in section 512 of the Internal Revenue Code.

235.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
235.30 after December 31, 2017, except that for partnerships that make an election under Code of  
235.31 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
235.32 and applies to the same tax periods to which the election relates.

236.1 **Sec. 6. [289A.382] REPORTING FEDERAL ADJUSTMENTS; GENERAL RULE.**

236.2 (a) Within 180 days of a final determination date, a taxpayer must file a federal  
236.3 adjustments report with the commissioner reporting all final federal adjustments by the  
236.4 Internal Revenue Service or other competent authority.

236.5 (b) Within 180 days of a final determination date, a taxpayer must file a federal  
236.6 adjustments report with the commissioner reporting any federal adjustments reported by  
236.7 the taxpayer to the Internal Revenue Service, including but not limited to:

236.8 (1) federal refund claims;

236.9 (2) a change reported on a timely filed amended federal income tax return; and

236.10 (3) a change reported on an amended return filed pursuant to section 6225(c) of the  
236.11 Internal Revenue Code.

236.12 (c) In the case of a final federal adjustment arising from a partnership-level audit or an  
236.13 administrative adjustment request filed by a partnership under section 6227 of the Internal  
236.14 Revenue Code, a taxpayer must report adjustments as provided for under section 289A.383,  
236.15 and not this section.

236.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
236.17 after December 31, 2017, except that for partnerships that make an election under Code of  
236.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
236.19 and applies to the same tax periods to which the election relates.

236.20 **Sec. 7. [289A.383] REPORTING AND PAYMENT REQUIREMENTS.**

236.21 **Subdivision 1. State partnership representative.** (a) With respect to an action required  
236.22 or permitted to be taken by a partnership under this section, or in a proceeding under section  
236.23 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the  
236.24 sole authority to act on behalf of the partnership, and its direct partners and indirect partners  
236.25 shall be bound by those actions.

236.26 (b) The state partnership representative for the reviewed year is the partnership's federal  
236.27 partnership representative unless the partnership, in a form and manner prescribed by the  
236.28 commissioner, designates another person as its state partnership representative.

236.29 **Subd. 2. Reporting and payment requirements for partnerships and tiered**  
236.30 **partners.** (a) Unless an audited partnership makes the election in subdivision 3, then, for  
236.31 all final federal adjustments the audited partnership must comply with paragraph (b) and

237.1 each direct partner of the audited partnership, other than a tiered partner, must comply with  
237.2 paragraph (c).

237.3 (b) No later than 90 days after the final determination date, the audited partnership must:

237.4 (1) file a completed federal adjustments report, including all partner-level information  
237.5 required under section 289A.12, subdivision 3, with the commissioner;

237.6 (2) notify each of its direct partners of their distributive share of the adjustments;

237.7 (3) file an amended composite report for all direct partners who were included in a  
237.8 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the  
237.9 additional amount that would have been due had the federal adjustments been reported  
237.10 properly as required; and

237.11 (4) file amended withholding reports for all direct partners who were or should have  
237.12 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed  
237.13 year, and pay the additional amount that would have been due had the federal adjustments  
237.14 been reported properly as required.

237.15 (c) No later than 180 days after the final determination date, each direct partner, other  
237.16 than a tiered partner, that is subject to a tax administered under this chapter, other than the  
237.17 sales tax, must:

237.18 (1) file a federal adjustments report reporting their distributive share of the adjustments  
237.19 reported to them under paragraph (b), clause (2); and

237.20 (2) pay any additional amount of tax due as if the final federal adjustment had been  
237.21 properly reported, plus any penalty and interest due under this chapter, and less any credit  
237.22 for related amounts paid or withheld and remitted on behalf of the direct partner under  
237.23 paragraph (b), clauses (3) and (4).

237.24 **Subd. 3. Election; partnership or tiered partners pay.** (a) An audited partnership may  
237.25 make an election under this subdivision to pay its assessment at the entity level. If an audited  
237.26 partnership makes an election to pay its assessment at the entity level it must:

237.27 (1) no later than 90 days after the final determination date, file a completed federal  
237.28 adjustments report, including the residency information for all individual partners, both  
237.29 direct and indirect, and information pertaining to all other partners as prescribed by the  
237.30 commissioner, and notify the commissioner that it is making the election under this  
237.31 subdivision; and

- 238.1 (2) no later than 180 days after the final determination date, pay an amount, determined  
238.2 as follows, in lieu of taxes on partners:
- 238.3 (i) exclude from final federal adjustments the distributive share of these adjustments  
238.4 made to an exempt partner that is not unrelated business taxable income;
- 238.5 (ii) exclude from final federal adjustments the distributive share of these adjustments  
238.6 made to a partner that has filed a federal adjustments report and paid the applicable tax, as  
238.7 required under subdivision 2, for the distributive share of adjustments reported on a federal  
238.8 return under section 6225(c) of the Internal Revenue Code;
- 238.9 (iii) allocate at the partner level using section 290.17, subdivision 1, all final federal  
238.10 adjustments attributable to resident partners, both direct and indirect, for the reviewed year;
- 238.11 (iv) allocate and apportion at the partnership level using sections 290.17 to 290.20 all  
238.12 remaining final federal adjustments for the reviewed year;
- 238.13 (v) determine the total distributive share of the allocated and apportioned final federal  
238.14 adjustments determined in items (iii) and (iv) that are attributable to:
- 238.15 (A) resident partners;
- 238.16 (B) corporate partners and exempt partners; and
- 238.17 (C) the total distributive share amount allocated to all other partners;
- 238.18 (vi) for the total distributive share of net final federal adjustments attributed to corporate  
238.19 partners and exempt partners under item (v), subitem (B), multiply the total by the highest  
238.20 tax rate in section 290.06, subdivision 1, for the reviewed year, and calculate interest and  
238.21 penalties as applicable under this chapter;
- 238.22 (vii) for the total distributive share of net final federal adjustments attributable to resident  
238.23 partners, and all other partners under item (v), subitems (A) and (C), multiply the total by  
238.24 the highest tax rate in section 290.06, subdivision 2c, for the reviewed year, and calculate  
238.25 interest and penalties as applicable under this chapter; and
- 238.26 (viii) add the amount determined in item (vi) to the amount determined in item (vii),  
238.27 and pay all applicable taxes, penalties, and interest to the commissioner.
- 238.28 (b) An audited partnership may not make an election under this subdivision to report:
- 238.29 (1) a federal adjustment that results in unitary business income to a corporate partner  
238.30 required to file as a member of a combined report under section 290.17, subdivision 4; or
- 238.31 (2) any final federal adjustments resulting from an administrative adjustment request.

239.1 Subd. 4. Tiered partners and indirect partners. (a) Each tiered partner and each  
239.2 indirect partner of an audited partnership that reported final federal adjustments pursuant  
239.3 to subdivision 2, paragraph (b), clause (1), or this subdivision, must:

239.4 (1) within 90 days of the report comply with the filing, reporting, and payment  
239.5 requirements of subdivision 2, paragraph (b); or

239.6 (2) make the election under subdivision 3 as though it were the audited partnership.

239.7 (b) Each direct partner in a partnership making a report under paragraph (a) must, within  
239.8 180 days of the report, comply with the filing, reporting, and payment requirements of  
239.9 subdivision 2, paragraph (c).

239.10 (c) Notwithstanding the interim time requirements in this subdivision and subdivisions  
239.11 2 and 3, all reports and payments required to be made by the tiered and indirect partners  
239.12 under this section are required to be made within 90 days after the time for the filing and  
239.13 furnishing of statements to tiered partners and their partners as established by the Internal  
239.14 Revenue Service under section 6226 of the Internal Revenue Code.

239.15 Subd. 5. Effects of election by partnership or tiered partner and payment of amount  
239.16 due. (a) Unless the commissioner determines otherwise, the election under subdivision 3  
239.17 is irrevocable.

239.18 (b) If an audited partnership or tiered partner properly reports and pays an amount  
239.19 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by  
239.20 the partnership's direct partners on the same final federal adjustments. The direct partners  
239.21 and indirect partners of the partnership who are not resident partners may not take any  
239.22 deduction or credit for this amount or claim a refund of the amount in this state.

239.23 (c) Nothing in this subdivision precludes resident partners from claiming a credit against  
239.24 taxes paid under section 290.06, on any amounts paid by the audited partnership or tiered  
239.25 partners on the resident partner's behalf to another state or local tax jurisdiction.

239.26 Subd. 6. Failure of partnership or tiered partner to report or pay. Nothing in this  
239.27 section prevents the commissioner from assessing partners or indirect partners for taxes  
239.28 they owe in the event that, for any reason, a partnership or tiered partner fails to timely  
239.29 make any report or payment required by this section.

239.30 EFFECTIVE DATE. This section is effective retroactively for taxable years beginning  
239.31 after December 31, 2017, except that for partnerships that make an election under Code of  
239.32 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
239.33 and applies to the same tax periods to which the election relates.

240.1 **Sec. 8. [289A.384] ASSESSMENT OF TAX, INTEREST, PENALTIES, AND**  
240.2 **ADDITIONAL AMOUNTS.**

240.3 **Subdivision 1. Assessment of additional tax, interest, and penalties.** The commissioner  
240.4 may assess additional tax, interest, and penalties following a final federal adjustment:

240.5 (1) arising from an audit by the Internal Revenue Service, including a partnership-level  
240.6 audit;

240.7 (2) reported by the taxpayer on an amended federal tax return; or

240.8 (3) as part of an administrative adjustment request on or before the dates provided in  
240.9 this section.

240.10 **Subd. 2. Timely and untimely reported federal adjustments.** If a taxpayer files a  
240.11 federal adjustments report, within or after the periods prescribed in section 289A.382 or  
240.12 289A.383, the commissioner may assess any additional Minnesota amounts including  
240.13 in-lieu-of amounts, taxes, interest, and penalties at the later of:

240.14 (1) the expiration of the period of limitations in section 289A.38; or

240.15 (2) the expiration of the one-year period following the date of the filing with the  
240.16 commissioner of the federal adjustments report.

240.17 **Subd. 3. Unreported reported federal adjustments.** If the taxpayer fails to file a federal  
240.18 adjustments report, the commissioner may assess any additional amounts including in-lieu-of  
240.19 amounts, taxes, penalties, and interest, at the later of:

240.20 (1) the expiration of the period of limitations in section 289A.38; or

240.21 (2) the expiration of the six-year period following the final determination date.

240.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
240.23 after December 31, 2017, except that for partnerships that make an election under Code of  
240.24 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
240.25 and applies to the same tax periods to which the election relates.

240.26 **Sec. 9. [289A.385] CLAIMS FOR REFUND OR CREDITS OF STATE TAX**  
240.27 **ARISING FROM FINAL FEDERAL ADJUSTMENTS MADE BY THE INTERNAL**  
240.28 **REVENUE SERVICE.**

240.29 Taxpayers subject to the reporting requirements of sections 289A.382 and 289A.383  
240.30 may file claims for refund related to federal adjustments made by the Internal Revenue



241.1 Service on or before the last day of the general period of limitations on claims for refund  
241.2 in section 289A.40.

241.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
241.4 after December 31, 2017, except that for partnerships that make an election under Code of  
241.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
241.6 and applies to the same tax periods to which the election relates.

241.7 Sec. 10. Minnesota Statutes 2018, section 289A.42, is amended to read:

241.8 **289A.42 CONSENT TO EXTEND STATUTE.**

241.9 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in  
241.10 sections 289A.38 to 289A.384 and 289A.40 for the assessment of tax or the filing of a claim  
241.11 for refund, both the commissioner and the taxpayer have consented in writing to the  
241.12 assessment or filing of a claim for refund after that time, the tax may be assessed or the  
241.13 claim for refund filed at any time before the expiration of the agreed-upon period. The  
241.14 period may be extended by later agreements in writing before the expiration of the period  
241.15 previously agreed upon. The taxpayer and the commissioner may also agree to extend the  
241.16 period for collection of the tax.

241.17 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the  
241.18 assessment of federal withholding or income taxes, the period in which the commissioner  
241.19 may recompute the tax is also extended, notwithstanding any period of limitations to the  
241.20 contrary, as follows:

241.21 (1) for the periods provided in section ~~289A.38, subdivisions 8 and 9~~ 289A.384,  
241.22 subdivisions 2 and 3;

241.23 (2) for six months following the expiration of the extended federal period of limitations  
241.24 when no change is made by the federal authority. If no change is made by the federal  
241.25 authority, and, but for this subdivision, the commissioner's time period to adjust the tax has  
241.26 expired, and if the commissioner has completed a field audit of the taxpayer, no additional  
241.27 changes resulting in additional tax due or a refund may be made. For purposes of this  
241.28 subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.

241.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
241.30 after December 31, 2017, except that for partnerships that make an election under Code of  
241.31 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
241.32 and applies to the same tax periods to which the election relates.

242.1 Sec. 11. Minnesota Statutes 2018, section 289A.60, subdivision 24, is amended to read:

242.2 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to  
242.3 the commissioner a change or correction of the person's federal return in the manner and  
242.4 time prescribed in ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383, there  
242.5 must be added to the tax an amount equal to ten percent of the amount of any underpayment  
242.6 of Minnesota tax attributable to the federal change.

242.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
242.8 after December 31, 2017, except that for partnerships that make an election under Code of  
242.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
242.10 and applies to the same tax periods to which the election relates.

242.11 Sec. 12. Minnesota Statutes 2018, section 290.31, subdivision 1, is amended to read:

242.12 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under  
242.13 ~~section~~ sections 289A.35, paragraph (b), and 289A.383, subdivision 3, a partnership as such  
242.14 shall not be subject to the income tax imposed by this chapter, but is subject to the tax  
242.15 imposed under section 290.0922. Persons carrying on business as partners shall be liable  
242.16 for income tax only in their separate or individual capacities.

242.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
242.18 after December 31, 2017, except that for partnerships that make an election under Code of  
242.19 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
242.20 and applies to the same tax periods to which the election relates.

242.21 Sec. 13. Minnesota Statutes 2018, section 297F.17, subdivision 6, is amended to read:

242.22 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the  
242.23 commissioner during the one-year period beginning with the timely filing of the taxpayer's  
242.24 federal income tax return containing the bad debt deduction that is being claimed. Claimants  
242.25 under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision~~  
242.26 7 sections 289A.382 and 289A.383.

242.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
242.28 after December 31, 2017, except that for partnerships that make an election under Code of  
242.29 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
242.30 and applies to the same tax periods to which the election relates.

243.1 Sec. 14. Minnesota Statutes 2018, section 297G.16, subdivision 7, is amended to read:

243.2 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with  
243.3 the commissioner within one year of the filing of the taxpayer's income tax return containing  
243.4 the bad debt deduction that is being claimed. Claimants under this subdivision are subject  
243.5 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.384.

243.6 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
243.7 after December 31, 2017, except that for partnerships that make an election under Code of  
243.8 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
243.9 and applies to the same tax periods to which the election relates.

243.10 Sec. 15. Minnesota Statutes 2018, section 469.319, subdivision 4, is amended to read:

243.11 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter  
243.12 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an  
243.13 amended return with the commissioner of revenue and pay any taxes required to be repaid  
243.14 within 30 days after becoming subject to repayment under this section. The amount required  
243.15 to be repaid is determined by calculating the tax for the period or periods for which repayment  
243.16 is required without regard to the exemptions and credits allowed under section 469.315.

243.17 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any  
243.18 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of  
243.19 revenue, within 30 days after becoming subject to repayment under this section.

243.20 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement  
243.21 for the business, applying the applicable tax extension rates for each payable year and  
243.22 provide a copy to the business and to the taxpayer of record. The business must pay the  
243.23 taxes to the county treasurer within 30 days after receipt of the tax statement. The business  
243.24 or the taxpayer of record may appeal the valuation and determination of the property tax to  
243.25 the Tax Court within 30 days after receipt of the tax statement.

243.26 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority  
243.27 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment  
243.28 required under paragraphs (a) and (b). The commissioner may impose civil penalties as  
243.29 provided in chapter 289A, and the additional tax and penalties are subject to interest at the  
243.30 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after  
243.31 becoming subject to repayment under this section until the date the tax is paid. Any penalty  
243.32 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,  
243.33 subdivision 3, to the date of payment of the penalty.

244.1 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the  
244.2 amount required to be repaid to the property taxes assessed against the property for payment  
244.3 in the year following the year in which the auditor provided the statement under paragraph  
244.4 (c).

244.5 (f) For determining the tax required to be repaid, a reduction of a state or local sales or  
244.6 use tax is deemed to have been received on the date that the good or service was purchased  
244.7 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit  
244.8 payable under section 469.318, a reduction of tax is deemed to have been received for the  
244.9 two most recent tax years that have ended prior to the date that the business became subject  
244.10 to repayment under this section. In the case of a property tax, a reduction of tax is deemed  
244.11 to have been received for the taxes payable in the year that the business became subject to  
244.12 repayment under this section and for the taxes payable in the prior year.

244.13 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time  
244.14 within two years after the business becomes subject to repayment under subdivision 1, or  
244.15 within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections  
244.16 289A.38 to 289A.384, whichever period is later. The county auditor may send the statement  
244.17 under paragraph (c) any time within three years after the business becomes subject to  
244.18 repayment under subdivision 1.

244.19 (h) A business is not entitled to any income tax or franchise tax benefits, including  
244.20 refundable credits, for any part of the year in which the business becomes subject to  
244.21 repayment under this section nor for any year thereafter. Property is not exempt from tax  
244.22 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
244.23 in which the property became subject to repayment under this section nor for any year  
244.24 thereafter. A business is not eligible for any sales tax benefits beginning with goods or  
244.25 services purchased or first put to a taxable use on the day that the business becomes subject  
244.26 to repayment under this section.

244.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
244.28 after December 31, 2017, except that for partnerships that make an election under Code of  
244.29 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
244.30 and applies to the same tax periods to which the election relates.

244.31 Sec. 16. **REPEALER.**

244.32 Minnesota Statutes 2018, section 289A.38, subdivisions 7, 8, and 9, are repealed.

245.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
245.2 after December 31, 2017, except that for partnerships that make an election under Code of  
245.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
245.4 and applies to the same tax periods to which the election relates.

## 245.5 **ARTICLE 14**

### 245.6 **DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES**

245.7 Section 1. Minnesota Statutes 2018, section 297A.68, subdivision 17, is amended to read:

245.8 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and  
245.9 rebuilding parts and materials, and lubricants, for the following are exempt:

245.10 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~  
245.11 ~~exempt;~~ and

245.12 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

245.14 Sec. 2. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

245.15 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology  
245.16 equipment and computer software for use in a qualified data center, or a qualified refurbished  
245.17 data center, are exempt, except that computer software maintenance agreements are exempt  
245.18 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph  
245.19 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,  
245.20 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This  
245.21 exemption includes enterprise information technology equipment and computer software  
245.22 purchased to replace or upgrade enterprise information technology equipment and computer  
245.23 software in a qualified data center, or a qualified refurbished data center.

245.24 (b) Electricity used or consumed in the operation of a qualified data center or qualified  
245.25 refurbished data center is exempt.

245.26 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

245.27 (1) that is comprised of one or more buildings that consist in the aggregate of at least  
245.28 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where  
245.29 the total cost of construction or refurbishment, investment in enterprise information  
245.30 technology equipment, and computer software is at least \$30,000,000 within a 48-month  
245.31 period. The 48-month period begins no sooner than July 1, 2012, except that costs for

246.1 computer software maintenance agreements purchased before July 1, 2013, are not included  
246.2 in determining if the \$30,000,000 threshold has been met;

246.3 (2) that is constructed or substantially refurbished after June 30, 2012, where  
246.4 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or  
246.5 modified, including:

246.6 (i) installation of enterprise information technology equipment; environmental control,  
246.7 computer software, and energy efficiency improvements; and

246.8 (ii) building improvements; and

246.9 (3) that is used to house enterprise information technology equipment, where the facility  
246.10 has the following characteristics:

246.11 (i) uninterruptible power supplies, generator backup power, or both;

246.12 (ii) sophisticated fire suppression and prevention systems; and

246.13 (iii) enhanced security. A facility will be considered to have enhanced security if it has  
246.14 restricted access to the facility to selected personnel; permanent security guards; video  
246.15 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,  
246.16 such as hand scans and retinal or fingerprint recognition; or similar security features.

246.17 In determining whether the facility has the required square footage, the square footage  
246.18 of the following spaces shall be included if the spaces support the operation of enterprise  
246.19 information technology equipment: office space, meeting space, and mechanical and other  
246.20 support facilities. For purposes of this subdivision, "computer software" includes, but is not  
246.21 limited to, software utilized or loaded at a qualified data center or qualified refurbished data  
246.22 center, including maintenance, licensing, and software customization.

246.23 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
246.24 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
246.25 that is comprised of one or more buildings that consist in the aggregate of at least 25,000  
246.26 square feet, and that are located on a single parcel or contiguous parcels, where the total  
246.27 cost of construction or refurbishment, investment in enterprise information technology  
246.28 equipment, and computer software is at least \$50,000,000 within a 24-month period.

246.29 (e) For purposes of this subdivision, "enterprise information technology equipment"  
246.30 means computers and equipment supporting computing, networking, or data storage,  
246.31 including servers and routers. It includes, but is not limited to: cooling systems, cooling  
246.32 towers, and other temperature control infrastructure; power infrastructure for transformation,  
246.33 distribution, or management of electricity used for the maintenance and operation of a

247.1 qualified data center or qualified refurbished data center, including but not limited to exterior  
247.2 dedicated business-owned substations, backup power generation systems, battery systems,  
247.3 and related infrastructure; and racking systems, cabling, and trays, which are necessary for  
247.4 the maintenance and operation of the qualified data center or qualified refurbished data  
247.5 center.

247.6 (f) A qualified data center or qualified refurbished data center may claim the exemptions  
247.7 in this subdivision for purchases made either within 20 years of the date of its first purchase  
247.8 qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

247.9 (g) The purpose of this exemption is to create jobs in the construction and data center  
247.10 industries.

247.11 (h) This subdivision is effective for sales and purchases made before July 1, 2042.

247.12 (i) The commissioner of employment and economic development must certify to the  
247.13 commissioner of revenue, in a format approved by the commissioner of revenue, when a  
247.14 qualified data center has met the requirements under paragraph (c) or a qualified refurbished  
247.15 data center has met the requirements under paragraph (d). The certification must provide  
247.16 the following information regarding each qualified data center or qualified refurbished data  
247.17 center:

247.18 (1) the total square footage amount;

247.19 (2) the total amount of construction or refurbishment costs and the total amount of  
247.20 qualifying investments in enterprise information technology equipment and computer  
247.21 software; ~~and~~

247.22 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)  
247.23 in which the qualifying expenditures and purchases under clause (2) were made, but in no  
247.24 case shall the period begin before July 1, 2012; and

247.25 (4) the date upon which the qualified data center first met the requirements under  
247.26 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph  
247.27 (d).

247.28 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must  
247.29 not be issued unless the commissioner of revenue has received the certification required  
247.30 under paragraph (i) ~~either from~~ issued by the commissioner of employment and economic  
247.31 development ~~or the qualified data center or qualified refurbished data center claiming the~~  
247.32 ~~refund; and.~~

248.1 (k) The commissioner of employment and economic development must annually notify  
248.2 the commissioner of revenue of the qualified data centers that are projected to meet the  
248.3 requirements under paragraph (c) and the qualified refurbished data centers that are projected  
248.4 to meet the requirements under paragraph (d) in each of the next four years. The notification  
248.5 must provide the information required under paragraph (i), clauses (1) to ~~(3)~~ (4), for each  
248.6 qualified data center or qualified refurbished data center.

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

248.8 Sec. 3. Minnesota Statutes 2018, section 297A.68, subdivision 44, is amended to read:

248.9 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible  
248.10 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~  
248.11 are exempt if:

248.12 (1) the commissioner of employment and economic development certifies to the  
248.13 commissioner of revenue, in a format approved by the commissioner of revenue, that the  
248.14 qualified business meets the requirements under section 116J.8738;

248.15 (2) the business subsidy agreement provides that the exemption under this subdivision  
248.16 applies;

248.17 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater  
248.18 Minnesota identified in the business subsidy agreement; and

248.19 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the  
248.20 certification of the business as a qualified business under section 116J.8738 business subsidy  
248.21 agreement.

248.22 (b) Purchase and use of construction materials and supplies used or consumed in, and  
248.23 equipment incorporated into, the construction of improvements to real property in greater  
248.24 Minnesota are exempt if the improvements after completion of construction are to be used  
248.25 in the conduct of the trade or business of the qualified business, ~~as defined in section~~  
248.26 ~~116J.8738~~ and the commissioner of employment and economic development certifies to  
248.27 the commissioner of revenue, in a format approved by the commissioner of revenue, that  
248.28 the qualified business meets the requirements under section 116J.8738. This exemption  
248.29 applies regardless of whether the purchases are made by the business or a contractor.

248.30 (c) The exemptions under this subdivision apply to a local sales and use tax.

248.31 (d) The tax on purchases imposed under this subdivision must be imposed and collected  
248.32 as if the rate under section 297A.62 applied, and then refunded in the manner provided in



249.1 section 297A.75. The total amount refunded for a facility over the certification period is  
249.2 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000  
249.3 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be  
249.4 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are  
249.5 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and  
249.6 the commissioner of revenue must first allocate refunds to qualified businesses eligible for  
249.7 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for  
249.8 refunds under this paragraph does not cancel and shall be carried forward to and available  
249.9 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for  
249.10 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the  
249.11 amount carried over must be paid on the refund no sooner than from 90 days after July 1  
249.12 of the fiscal year in which funds are available for the eligible claim.

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

249.14 Sec. 4. Minnesota Statutes 2018, section 297A.71, subdivision 45, is amended to read:

249.15 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used  
249.16 or consumed in, capital equipment incorporated into, and privately owned infrastructure in  
249.17 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing  
249.18 facility in the state are exempt if the commissioner of employment and economic  
249.19 development certifies to the commissioner of revenue that the following criteria are met:

249.20 (1) the facility is used for the manufacturing of biologics;

249.21 (2) the total capital investment made at the facility exceeds \$50,000,000; and

249.22 (3) the facility creates and maintains at least 190 full-time equivalent positions at the  
249.23 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs  
249.24 that currently exist in Minnesota.

249.25 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,  
249.26 and refunded in the manner provided in section 297A.75.

249.27 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility  
249.28 must:

249.29 (1) initially apply to the ~~Department~~ commissioner of employment and economic  
249.30 development for certification no later than one year from the final completion date of  
249.31 construction, improvement, or expansion of the facility; and

250.1 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies  
250.2 for a refund, the ~~owner~~ commissioner of revenue must have received written certification  
250.3 from the ~~Department~~ commissioner of employment and economic development that the  
250.4 facility has met the criteria of paragraph (a).

250.5 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund  
250.6 payable to date, with the commissioner making annual payments of the remaining refund  
250.7 until all of the refund has been paid.

250.8 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are  
250.9 interchangeable and mean medical drugs or medicinal preparations produced using  
250.10 technology that uses biological systems, living organisms, or derivatives of living organisms  
250.11 to make or modify products or processes for specific use. The medical drugs or medicinal  
250.12 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

250.14 Sec. 5. Minnesota Statutes 2018, section 297A.77, is amended by adding a subdivision to  
250.15 read:

250.16 **Subd. 5. Records must be kept.** Every person liable for any tax imposed by this chapter,  
250.17 or for the collection thereof, shall keep such records, render such statements, make such  
250.18 returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

250.20

## ARTICLE 15

250.21

### MINNESOTACARE; TECHNICAL CHANGES

250.22 Section 1. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision  
250.23 to read:

250.24 **Subd. 2b. Emergency medical reasons.** "Emergency medical reasons" means a public  
250.25 health emergency declaration pursuant to United States Code, title 42, section 247d; a  
250.26 national security or peacetime emergency declared by the governor pursuant to section  
250.27 12.31; or a situation involving an action by the commissioner of health pursuant to section  
250.28 144.4197, 144.4198, or 151.37, subdivisions 2, paragraph (b), and 10, except that, for  
250.29 purposes of this subdivision, a drug shortage not caused by a public health emergency shall  
250.30 not constitute an emergency medical reason.

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

251.1 Sec. 2. Minnesota Statutes 2018, section 295.50, subdivision 3, is amended to read:

251.2 Subd. 3. **Gross revenues.** "Gross revenues" are total amounts received in money or  
251.3 otherwise by:

251.4 (1) a hospital for patient services;

251.5 (2) a surgical center for patient services;

251.6 (3) a health care provider, other than a staff model health ~~carrier~~ plan company, for  
251.7 patient services;

251.8 (4) a wholesale drug distributor for sale or distribution of legend drugs that are delivered  
251.9 in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the  
251.10 legend drugs are delivered to another wholesale drug distributor who sells legend drugs  
251.11 exclusively at wholesale. ~~Legend drugs do not include nutritional products as defined in~~  
251.12 ~~Minnesota Rules, part 9505.0325, and blood and blood components; and~~

251.13 (5) a staff model health plan company as gross premiums for enrollees, co-payments,  
251.14 deductibles, coinsurance, and fees for patient services.

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

251.16 Sec. 3. Minnesota Statutes 2018, section 295.50, subdivision 4, is amended to read:

251.17 Subd. 4. **Health care provider.** (a) "Health care provider" means:

251.18 (1) a person whose health care occupation is regulated or required to be regulated by  
251.19 the state of Minnesota furnishing any or all of the following goods or services directly to a  
251.20 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,  
251.21 drugs, laboratory, diagnostic or therapeutic services;

251.22 (2) a person who provides goods and services not listed in clause (1) that qualify for  
251.23 reimbursement under the medical assistance program provided under chapter 256B;

251.24 (3) a staff model health plan company;

251.25 (4) an ambulance service required to be licensed; ~~or~~

251.26 (5) a person who sells or repairs hearing aids and related equipment or prescription  
251.27 eyewear; or

251.28 (6) a person providing patient services, who does not otherwise meet the definition of  
251.29 health care provider and is not specifically excluded in clause (b), who employs or contracts  
251.30 with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise  
251.31 oversee, or consult with regarding patient services.

252.1 (b) Health care provider does not include:

252.2 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),  
252.3 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;  
252.4 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,  
252.5 or any other providers of transportation services other than ambulance services required to  
252.6 be licensed; supervised living facilities for persons with developmental disabilities, licensed  
252.7 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments  
252.8 required to be registered under chapter 144D; board and lodging establishments providing  
252.9 only custodial services that are licensed under chapter 157 and registered under section  
252.10 157.17 to provide supportive services or health supervision services; adult foster homes as  
252.11 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults  
252.12 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care  
252.13 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined  
252.14 in Minnesota Rules, part 9555.9600;

252.15 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a  
252.16 person providing personal care services and supervision of personal care services as defined  
252.17 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as  
252.18 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed  
252.19 under chapter 144A for home care services provided under chapter 144A;

252.20 (3) a person who employs health care providers solely for the purpose of providing  
252.21 patient services to its employees;

252.22 (4) an educational institution that employs health care providers solely for the purpose  
252.23 of providing patient services to its students if the institution does not receive fee for service  
252.24 payments or payments for extended coverage; and

252.25 (5) a person who receives all payments for patient services from health care providers,  
252.26 surgical centers, or hospitals for goods and services that are taxable to the paying health  
252.27 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision  
252.28 1, paragraph (b), clause (3) or (4), or from a source of funds that is exempt from tax under  
252.29 this chapter.

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

253.1 Sec. 4. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
253.2 read:

253.3 Subd. 7a. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01,  
253.4 subdivision 14a.

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

253.6 Sec. 5. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

253.7 Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services  
253.8 and other goods and services provided by hospitals, surgical centers, or health care providers.  
253.9 They include the following health care goods and services provided to a patient or consumer:

253.10 (1) bed and board;

253.11 (2) nursing services and other related services;

253.12 (3) use of hospitals, surgical centers, or health care provider facilities;

253.13 (4) medical social services;

253.14 (5) drugs, biologicals, supplies, appliances, and equipment;

253.15 (6) other diagnostic or therapeutic items or services;

253.16 (7) medical or surgical services;

253.17 (8) items and services furnished to ambulatory patients not requiring emergency care;

253.18 and

253.19 (9) emergency services.

253.20 (b) "Patient services" does not include:

253.21 (1) services provided to nursing homes licensed under chapter 144A;

253.22 (2) examinations for purposes of utilization reviews, insurance claims or eligibility,  
253.23 litigation, and employment, including reviews of medical records for those purposes;

253.24 (3) services provided to and by community residential mental health facilities licensed  
253.25 under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment  
253.26 programs for children with severe emotional disturbance licensed or certified under chapter  
253.27 245A;

253.28 (4) services provided to and by community support programs and family community  
253.29 support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or  
253.30 certified as mental health rehabilitative services under chapter 256B; under the following

254.1 programs: day treatment services as defined in section 245.462, subdivision 8; assertive  
254.2 community treatment as described in section 256B.0622; adult rehabilitative mental health  
254.3 services as described in section 256B.0623; adult crisis response services as described in  
254.4 section 256B.0624; children's therapeutic services and supports as described in section  
254.5 256B.0943; and children's mental health crisis response services as described in section  
254.6 256B.0944;

254.7 (5) services provided to and by community mental health centers as defined in section  
254.8 245.62, subdivision 2;

254.9 (6) services provided to and by assisted living programs and congregate housing  
254.10 programs;

254.11 (7) hospice care services;

254.12 (8) home and community-based waived services under sections 256B.0915, 256B.49,  
254.13 and 256B.501;

254.14 (9) targeted case management services under sections 256B.0621; 256B.0625,  
254.15 subdivisions 20, 20a, 33, and 44; and 256B.094; and

254.16 (10) services provided to the following: supervised living facilities for persons with  
254.17 developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;  
254.18 housing with services establishments required to be registered under chapter 144D; board  
254.19 and lodging establishments providing only custodial services that are licensed under chapter  
254.20 157 and registered under section 157.17 to provide supportive services or health supervision  
254.21 services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training  
254.22 and habilitation services for adults with developmental disabilities as defined in section  
254.23 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100;  
254.24 adult day care services as defined in section 245A.02, subdivision 2a; and home health  
254.25 agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under  
254.26 chapter 144A.

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

254.28 Sec. 6. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
254.29 read:

254.30 **Subd. 10c. Pharmacy benefits manager.** "Pharmacy benefits manager" means an entity  
254.31 that performs pharmacy benefits management.

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

255.1 Sec. 7. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
255.2 read:

255.3 Subd. 13a. **Third-party purchaser of health care services.** "Third-party purchaser of  
255.4 health care services" includes but is not limited to a health carrier or community integrated  
255.5 service network that pays for health care services on behalf of patients or that reimburses,  
255.6 indemnifies, compensates, or otherwise insures patients for health care services.

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

255.8 Sec. 8. Minnesota Statutes 2018, section 295.50, subdivision 14, is amended to read:

255.9 Subd. 14. **Wholesale drug distributor.** "Wholesale drug distributor" means ~~a wholesale~~  
255.10 ~~drug distributor required to be licensed under sections 151.42 to 151.51.~~ any person engaged  
255.11 in wholesale drug distribution including but not limited to manufacturers; repackagers;  
255.12 own-label distributors; jobbers; brokers; warehouses, including manufacturers' and  
255.13 distributors' warehouses, chain drug warehouses, and wholesale drug warehouses;  
255.14 independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution.  
255.15 A wholesale drug distributor does not include a common carrier or individual hired primarily  
255.16 to transport legend drugs.

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

255.18 Sec. 9. Minnesota Statutes 2018, section 295.50, subdivision 15, is amended to read:

255.19 Subd. 15. **Legend drug.** "Legend drug" means a drug that is required by federal law to  
255.20 bear one of the following statements: "Caution: Federal law prohibits dispensing without  
255.21 prescription" or "Rx only." Legend drugs do not include nutritional products as defined in  
255.22 Minnesota Rules, part 9505.0325, subpart 1, and blood and blood components.

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

255.24 Sec. 10. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
255.25 read:

255.26 Subd. 16. **Wholesale drug distribution.** "Wholesale drug distribution" means the sale  
255.27 or distribution of legend drugs to a person other than a consumer or patient, but does not  
255.28 include:

255.29 (1) a sale between a division, subsidiary, parent, affiliated, or related company under  
255.30 the common ownership and control of a corporate entity;

256.1 (2) the purchase or other acquisition, by a hospital or other health care entity that is a  
256.2 member of a group purchasing organization, of a legend drug for its own use from the  
256.3 organization or from other hospitals or health care entities that are members of such  
256.4 organizations;

256.5 (3) the sale, purchase, or trade of a legend drug by a charitable organization described  
256.6 in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December  
256.7 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by  
256.8 law;

256.9 (4) the sale, purchase, or trade of a legend drug among hospitals or other health care  
256.10 entities that are under common control;

256.11 (5) the sale, purchase, or trade of a legend drug for emergency medical reasons;

256.12 (6) the transfer of legend drugs by a retail pharmacy to another retail pharmacy to alleviate  
256.13 a temporary shortage; or

256.14 (7) the distribution of legend drug samples by manufacturer representatives.

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

256.16 Sec. 11. Minnesota Statutes 2018, section 295.53, subdivision 1, is amended to read:

256.17 Subdivision 1. **Exclusions and Exemptions.** (a) The following payments are excluded  
256.18 from the gross revenues subject to the hospital, surgical center, or health care provider taxes  
256.19 under sections 295.50 to 295.59:

256.20 ~~(1) payments received for services provided under the Medicare program, including~~  
256.21 ~~payments received from the government, and organizations governed by sections 1833 and~~  
256.22 ~~1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section~~  
256.23 ~~1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare~~  
256.24 ~~enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision~~  
256.25 ~~3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act.~~  
256.26 ~~Payments for services not covered by Medicare are taxable;~~

256.27 ~~(2) payments received for home health care services;~~

256.28 ~~(3) payments received from hospitals or surgical centers for goods and services on which~~  
256.29 ~~liability for tax is imposed under section 295.52 or the source of funds for the payment is~~  
256.30 ~~exempt under clause (1), (7), (10), or (14);~~



257.1 ~~(4) payments received from health care providers for goods and services on which~~  
257.2 ~~liability for tax is imposed under this chapter or the source of funds for the payment is~~  
257.3 ~~exempt under clause (1), (7), (10), or (14);~~

257.4 ~~(5) amounts paid for legend drugs, other than nutritional products and blood and blood~~  
257.5 ~~components, to a wholesale drug distributor who is subject to tax under section 295.52,~~  
257.6 ~~subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt~~  
257.7 ~~under this chapter;~~

257.8 ~~(6) (1) payments received by a health care provider or the wholly owned subsidiary of~~  
257.9 ~~a health care provider for care provided outside Minnesota;~~

257.10 ~~(7) payments received from the chemical dependency fund under chapter 254B;~~

257.11 ~~(8) payments received in the nature of charitable donations that are not designated for~~  
257.12 ~~providing patient services to a specific individual or group;~~

257.13 ~~(9) payments received for providing patient services incurred through a formal program~~  
257.14 ~~of health care research conducted in conformity with federal regulations governing research~~  
257.15 ~~on human subjects. Payments received from patients or from other persons paying on behalf~~  
257.16 ~~of the patients are subject to tax;~~

257.17 ~~(10) payments received from any governmental agency for services benefiting the public,~~  
257.18 ~~not including payments made by the government in its capacity as an employer or insurer~~  
257.19 ~~or payments made by the government for services provided under the Minnesota Care~~  
257.20 ~~program or the medical assistance program governed by title XIX of the federal Social~~  
257.21 ~~Security Act, United States Code, title 42, sections 1396 to 1396v;~~

257.22 ~~(11) (2) government payments received by the commissioner of human services for~~  
257.23 ~~state-operated services;~~

257.24 ~~(12) (3) payments received by a health care provider for hearing aids and related~~  
257.25 ~~equipment or prescription eyewear delivered outside of Minnesota; and~~

257.26 ~~(13) (4) payments received by an educational institution from student tuition, student~~  
257.27 ~~activity fees, health care service fees, government appropriations, donations, or grants, and~~  
257.28 ~~for services identified in and provided under an individualized education program as defined~~  
257.29 ~~in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee~~  
257.30 ~~for service payments and payments for extended coverage are taxable;.~~

257.31 ~~(14) payments received under the federal Employees Health Benefits Act, United States~~  
257.32 ~~Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.~~  
257.33 ~~Enrollee deductibles, coinsurance, and co-payments are subject to tax; and~~

258.1 ~~(15) payments received under the federal Tricare program, Code of Federal Regulations,~~  
258.2 ~~title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject~~  
258.3 ~~to tax.~~

258.4 (b) The following payments are exempted from the gross revenues subject to hospital,  
258.5 surgical center, or health care provider taxes under sections 295.50 to 295.59:

258.6 (1) payments received for services provided under the Medicare program, including  
258.7 payments received from the government and organizations governed by sections 1833,  
258.8 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title  
258.9 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid  
258.10 by the Medicare enrollee, by Medicare supplemental coverage as described in section  
258.11 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal  
258.12 Social Security Act. Payments for services not covered by Medicare are taxable;

258.13 (2) payments received for home health care services;

258.14 (3) payments received from hospitals or surgical centers for goods and services on which  
258.15 liability for tax is imposed under section 295.52 or the source of funds for the payment is  
258.16 exempt under clauses (1), (6), (9), (10), or (11);

258.17 (4) payments received from the health care providers for goods and services on which  
258.18 liability for tax is imposed under this chapter or the source of funds for the payment is  
258.19 exempt under clause (1), (6), (9), (10), or (11);

258.20 (5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax  
258.21 under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs  
258.22 otherwise exempt under this chapter;

258.23 (6) payments received from the chemical dependency fund under chapter 254B;

258.24 (7) payments received in the nature of charitable donations that are not designated for  
258.25 providing patient services to a specific individual or group;

258.26 (8) payments received for providing patient services incurred through a formal program  
258.27 of health care research conducted in conformity with federal regulations governing research  
258.28 on human subjects. Payments received from patients or from other persons paying on behalf  
258.29 of the patients are subject to tax;

258.30 (9) payments received from any governmental agency for services benefiting the public,  
258.31 not including payments made by the government in its capacity as an employer or insurer  
258.32 or payments made by the government for services provided under the MinnesotaCare

259.1 program or the medical assistance program governed by title XIX of the federal Social  
259.2 Security Act, United States Code, title 42, section 1396 to 1396v;

259.3 (10) payments received under the federal Employees Health Benefits Act, United States  
259.4 Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.

259.5 Enrollee deductibles, co-insurance, and co-payments are subject to tax;

259.6 (11) payments received under the federal Tricare program, Code of Federal Regulations,  
259.7 title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are  
259.8 subject to tax; and

259.9 (12) supplemental or enhanced payments authorized under section 256B.196 or 256B.197.

259.10 ~~(b)~~ (c) Payments received by wholesale drug distributors for legend drugs sold directly  
259.11 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross  
259.12 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

259.13 ~~(e) Supplemental or enhanced payments authorized under section 256B.19, subdivision~~  
259.14 ~~1e, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections~~  
259.15 ~~295.50 to 295.59.~~

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

259.17 Sec. 12. Minnesota Statutes 2018, section 295.57, subdivision 5, is amended to read:

259.18 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical center,  
259.19 or health care provider cannot determine the actual cost or reimbursement of legend drugs  
259.20 under the exemption provided in section 295.53, subdivision 1, paragraph ~~(a)~~ (b), clause  
259.21 (5), the following method must be used:

259.22 A hospital, surgical center, or health care provider must determine the amount paid for  
259.23 legend drugs used during the month or quarter and multiply that amount by a ratio, the  
259.24 numerator of which is the total amount received for taxable patient services, and the  
259.25 denominator of which is the total amount received for all patient services, including amounts  
259.26 exempt under section 295.53, subdivision 1, paragraph (b). The result represents the allowable  
259.27 exemption for the monthly or quarterly cost of drugs.

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

259.29 Sec. 13. Minnesota Statutes 2018, section 295.582, subdivision 1, is amended to read:

259.30 Subdivision 1. **Tax expense transfer.** ~~(a) A hospital, surgical center, or health care~~  
259.31 ~~provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional~~

260.1 ~~expense transferred under this section by a wholesale drug distributor, may transfer additional~~  
260.2 ~~expense generated by section 295.52 obligations on to all third-party contracts for the~~  
260.3 ~~purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit~~  
260.4 ~~a pharmacy from transferring the additional expense generated under section 295.52 to a~~  
260.5 ~~pharmacy benefits manager. The additional expense transferred to the third-party purchaser~~  
260.6 ~~or a pharmacy benefits manager must not exceed the tax percentage specified in section~~  
260.7 ~~295.52 multiplied against the gross revenues received under the third-party contract, and~~  
260.8 ~~the tax percentage specified in section 295.52 multiplied against co-payments and deductibles~~  
260.9 ~~paid by the individual patient or consumer. The expense must not be generated on revenues~~  
260.10 ~~derived from payments that are excluded from the tax under section 295.53. All third-party~~  
260.11 ~~purchasers of health care services including, but not limited to, third-party purchasers~~  
260.12 ~~regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or~~  
260.13 ~~under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred~~  
260.14 ~~expense in addition to any payments due under existing contracts with the hospital, surgical~~  
260.15 ~~center, pharmacy, or health care provider, to the extent allowed under federal law. A~~  
260.16 ~~third-party purchaser of health care services includes, but is not limited to, a health carrier~~  
260.17 ~~or community integrated service network that pays for health care services on behalf of~~  
260.18 ~~patients or that reimburses, indemnifies, compensates, or otherwise insures patients for~~  
260.19 ~~health care services. For purposes of this section, a pharmacy benefits manager means an~~  
260.20 ~~entity that performs pharmacy benefits management. A third-party purchaser or pharmacy~~  
260.21 ~~benefits manager shall comply with this section regardless of whether the third-party~~  
260.22 ~~purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.~~  
260.23 ~~A wholesale drug distributor may transfer additional expense generated by section 295.52~~  
260.24 ~~obligations to entities that purchase from the wholesaler, and the entities must pay the~~  
260.25 ~~additional expense. Nothing in this section limits the ability of a hospital, surgical center,~~  
260.26 ~~pharmacy, wholesale drug distributor, or health care provider to recover all or part of the~~  
260.27 ~~section 295.52 obligation by other methods, including increasing fees or charges.~~

260.28 (a) The tax expense generated by section 295.52 may be transferred as follows:

260.29 (1) a hospital, surgical center, or health care provider subject to the tax under section  
260.30 295.52 may transfer the tax expense to all third-party contracts for the purchase of health  
260.31 care services on behalf of a patient or consumer;

260.32 (2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the  
260.33 tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

260.34 (3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor  
260.35 may transfer the tax expense to all third-party contracts for the purchase of health care

261.1 services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from  
261.2 transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

261.3 (b) The transfer of the tax expense under paragraph (a) must comply with the following:

261.4 (1) the tax expense transferred to the third-party purchaser or a pharmacy benefits  
261.5 manager must not exceed the tax percentage specified in section 295.52 multiplied against:

261.6 (i) gross revenues received under the third-party contract; and

261.7 (ii) co-payments and deductibles paid by the individual patient or consumer; and

261.8 (2) the tax expense must not be generated on revenues derived from payments that are  
261.9 excluded or exempted from the tax under section 295.53.

261.10 (c) Payment of the transferred tax expense is required as follows:

261.11 (1) all third-party purchasers of health care services, including but not limited to  
261.12 third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A,  
261.13 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must  
261.14 pay the transferred expense. This is in addition to any payments due under existing contracts  
261.15 with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed  
261.16 under federal law; and

261.17 (2) all entities that purchase legend drugs from a wholesale drug distributor must pay  
261.18 the transferred expense.

261.19 (d) A third-party purchaser or pharmacy benefits manager must comply with this section  
261.20 regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit,  
261.21 not-for-profit, or nonprofit entity.

261.22 (e) Nothing in this section limits the ability of a hospital, surgical center, health care  
261.23 provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52  
261.24 obligation by other methods, including increasing fees or charges.

261.25 ~~(b)~~ (f) Any hospital, surgical center, or health care provider subject to a tax under section  
261.26 295.52 or a pharmacy that has paid the additional expense transferred under this section by  
261.27 a wholesale drug distributor may file a complaint with the commissioner responsible for  
261.28 regulating the third-party purchaser if at any time the third-party purchaser fails to comply  
261.29 with ~~paragraph (a)~~ this section.

261.30 ~~(e)~~ (g) If the commissioner responsible for regulating the third-party purchaser finds at  
261.31 any time that the third-party purchaser has not complied with ~~paragraph (a)~~ this section, the  
261.32 commissioner may take enforcement action against a third-party purchaser which is subject

262.1 to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical  
262.2 center, pharmacy, or provider to pass-through the tax expense. The commissioner may by  
262.3 order fine or censure the third-party purchaser or revoke or suspend the certificate of authority  
262.4 or license of the third-party purchaser to do business in this state if the commissioner finds  
262.5 that the third-party purchaser has not complied with this section. The third-party purchaser  
262.6 may appeal the commissioner's order through a contested case hearing in accordance with  
262.7 chapter 14.

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

262.9

## ARTICLE 16

262.10

### PROPERTY TAX POLICY

262.11 Section 1. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

262.12 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner  
262.13 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to  
262.14 the commissioner of revenue the amounts to be paid.

262.15 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the  
262.16 commissioner of revenue shall distribute the specified funds to cities in the same manner  
262.17 as local government aid under chapter 477A. An appropriation to the commissioner ~~of~~  
262.18 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes  
262.19 specified in this paragraph.

262.20 (c) Notwithstanding other law to the contrary, in order to receive distributions under  
262.21 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city  
262.22 that receives funds under this section must make and preserve records necessary to show  
262.23 that the funds are spent in compliance with subdivision 4.

262.24 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

262.25 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 13, is amended to read:

262.26 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements  
262.27 under subdivision 1 must file a homestead application with the county assessor to initially  
262.28 obtain homestead classification.

262.29 (b) The commissioner shall prescribe the content, format, and manner of the homestead  
262.30 application required to be filed under this chapter pursuant to section 270C.30. The  
262.31 application must clearly inform the taxpayer that this application must be signed by all

263.1 owners who occupy the property or by the qualifying relative and returned to the county  
263.2 assessor in order for the property to receive homestead treatment.

263.3 (c) Every property owner applying for homestead classification must furnish to the  
263.4 county assessor the Social Security number of each occupant who is listed as an owner of  
263.5 the property on the deed of record, the name and address of each owner who does not occupy  
263.6 the property, and the name and Social Security number of ~~each owner's~~ the spouse of each  
263.7 occupying owner. The application must be signed by each owner who occupies the property  
263.8 and by each owner's spouse who occupies the property, or, in the case of property that  
263.9 qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

263.10 If a property owner occupies a homestead, the property owner's spouse may not claim  
263.11 another property as a homestead unless the property owner and the property owner's spouse  
263.12 file with the assessor an affidavit or other proof required by the assessor stating that the  
263.13 property qualifies as a homestead under subdivision 1, paragraph (e).

263.14 Owners or spouses occupying residences owned by their spouses and previously occupied  
263.15 with the other spouse, either of whom fail to include the other spouse's name and Social  
263.16 Security number on the homestead application or provide the affidavits or other proof  
263.17 requested, will be deemed to have elected to receive only partial homestead treatment of  
263.18 their residence. The remainder of the residence will be classified as nonhomestead residential.  
263.19 When an owner or spouse's name and Social Security number appear on homestead  
263.20 applications for two separate residences and only one application is signed, the owner or  
263.21 spouse will be deemed to have elected to homestead the residence for which the application  
263.22 was signed.

263.23 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
263.24 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
263.25 the property to receive homestead status, a homestead application must be filed with the  
263.26 assessor. The Social Security number of each relative occupying the property and the name  
263.27 and Social Security number of the spouse of a relative occupying the property shall be  
263.28 required on the homestead application filed under this subdivision. If a different relative of  
263.29 the owner subsequently occupies the property, the owner of the property must notify the  
263.30 assessor within 30 days of the change in occupancy. The Social Security number of a relative  
263.31 occupying the property or the spouse of a relative occupying the property is private data on  
263.32 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
263.33 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
263.34 Act to recover personal property taxes owing, to the county treasurer.

264.1 (e) The homestead application shall also notify the property owners that if the property  
264.2 is granted homestead status for any assessment year, that same property shall remain  
264.3 classified as homestead until the property is sold or transferred to another person, or the  
264.4 owners, the spouse of the owner, or the relatives no longer use the property as their  
264.5 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
264.6 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
264.7 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
264.8 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
264.9 shall result in the penalty provided under this subdivision and the property will lose its  
264.10 current homestead status.

264.11 (f) If a homestead application has not been filed with the county by December 15, the  
264.12 assessor shall classify the property as nonhomestead for the current assessment year for  
264.13 taxes payable in the following year, provided that the owner may be entitled to receive the  
264.14 homestead classification by proper application under section 375.192.

264.15 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
264.16 2020 and thereafter.

## 264.17 **ARTICLE 17**

### 264.18 **FIRE STATE AID; TECHNICAL CHANGES**

264.19 Section 1. **[477B.01] DEFINITIONS.**

264.20 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different  
264.21 meaning is intended, the following words and terms, for the purposes of this chapter and  
264.22 chapters 423A and 424A, have the meanings given to them.

264.23 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

264.24 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has  
264.25 the meaning given in section 60A.02, subdivision 4.

264.26 Subd. 4. **Estimated market value.** "Estimated market value" has the meaning given in  
264.27 section 272.03, subdivision 14.

264.28 Subd. 5. **Fire department.** "Fire department" includes a municipal fire department and  
264.29 an independent nonprofit firefighting corporation.

264.30 Subd. 6. **Fire department service area.** "Fire department service area" means the area  
264.31 serviced by a qualifying fire department that meets the requirements of section 477B.02.



265.1 Subd. 7. **Independent nonprofit firefighting corporation.** "Independent nonprofit  
265.2 firefighting corporation" means an independent nonprofit firefighting corporation that meets  
265.3 the criteria in section 424A.094, subdivision 1, paragraph (a).

265.4 Subd. 8. **Minnesota Fire Premium Report.** "Minnesota Fire Premium Report" means  
265.5 a form for reporting by insurance companies of (1) gross direct fire, lightning, sprinkler  
265.6 leakage, and extended coverage premiums received upon risks located or to be performed  
265.7 in this state less return premiums and dividends, and (2) other facts that the commissioner  
265.8 may require.

265.9 Subd. 9. **Municipal clerk.** "Municipal clerk" means the person elected or appointed to  
265.10 the position of municipal clerk or, if there is no such person, the chief financial official, the  
265.11 chief administrative official, or the person primarily responsible for managing the finances  
265.12 of a municipality.

265.13 Subd. 10. **Municipality.** (a) "Municipality" means:

265.14 (1) a home rule charter or statutory city;

265.15 (2) an organized town;

265.16 (3) a park district subject to chapter 398;

265.17 (4) the University of Minnesota; and

265.18 (5) an American Indian tribal government entity located within a federally recognized  
265.19 American Indian reservation.

265.20 (b) This subdivision only applies to chapter 477B.

265.21 Subd. 11. **Secretary.** "Secretary" means the secretary of an independent nonprofit  
265.22 firefighting corporation that has a subsidiary incorporated firefighters' relief association or  
265.23 whose firefighters participate in the voluntary statewide volunteer firefighter retirement  
265.24 plan.

265.25 Subd. 12. **Voluntary statewide volunteer firefighter retirement plan.** "Voluntary  
265.26 statewide volunteer firefighter retirement plan" means the retirement plan established under  
265.27 chapter 353G.

265.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

266.1 Sec. 2. **[477B.02] QUALIFYING FOR FIRE STATE AID.**

266.2 **Subdivision 1. Qualifications for fire state aid.** A municipality or independent nonprofit  
266.3 firefighting corporation qualifies to receive fire state aid if all the requirements of this section  
266.4 are met.

266.5 **Subd. 2. Establishment of fire department.** (a) An independent nonprofit firefighting  
266.6 corporation must be created under the nonprofit corporation act of this state operating for  
266.7 the exclusive purpose of firefighting, or the governing body of a municipality must officially  
266.8 establish a fire department.

266.9 (b) The fire department must have provided firefighting services for at least one calendar  
266.10 year.

266.11 **Subd. 3. Personnel and benefits requirements.** (a) A fire department must have a  
266.12 minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

266.13 (b) The fire department must have regular scheduled meetings and frequent drills that  
266.14 include instructions in firefighting tactics and in the use, care, and operation of all fire  
266.15 apparatus and equipment.

266.16 (c) The fire department must have a separate subsidiary incorporated firefighters' relief  
266.17 association that provides retirement benefits or must participate in the voluntary statewide  
266.18 volunteer firefighter retirement plan; or if the municipality solely employs full-time  
266.19 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be  
266.20 provided by the public employees police and fire retirement plan.

266.21 (d) Notwithstanding paragraph (c), a municipality without a relief association as described  
266.22 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other  
266.23 requirements of this section are met.

266.24 **Subd. 4. Equipment requirements.** The fire department must have all of the following  
266.25 equipment, or the equivalent as determined by the state fire marshal, by December 31 of  
266.26 the year preceding the certification required in subdivision 8:

266.27 (1) a motorized fire truck equipped with:

266.28 (i) a motorized pump;

266.29 (ii) a 250-gallon or larger water tank;

266.30 (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and  
266.31 straight stream nozzles;

266.32 (iv) five-gallon hand pumps - tank extinguisher or equivalent;

- 267.1 (v) a dry chemical extinguisher or equivalent;
- 267.2 (vi) ladders;
- 267.3 (vii) extension ladders;
- 267.4 (viii) pike poles;
- 267.5 (ix) crowbars;
- 267.6 (x) axes;
- 267.7 (xi) lanterns; and
- 267.8 (xii) fire coats, helmets, and boots;
- 267.9 (2) the items in clause (1) suitably housed in a building of good construction with facilities
- 267.10 for care of hoses and equipment;
- 267.11 (3) a reliable and adequate method of receiving fire alarms by telephone or with electric
- 267.12 siren and suitable means of sounding an alarm; and
- 267.13 (4) if response is to be provided outside the corporate limits of the municipality where
- 267.14 the fire department is located, another piece of motorized apparatus to make the response.
- 267.15 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**
- 267.16 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must
- 267.17 file a copy of any duly executed and valid fire service contract or agreement with the
- 267.18 commissioner.
- 267.19 (b) If more than one fire department provides service to a municipality, the fire
- 267.20 departments furnishing service must enter into an agreement apportioning among themselves
- 267.21 the percentage of the population and the percentage of the estimated market value of each
- 267.22 shared service fire department service area. The agreement must be in writing and must be
- 267.23 filed with the commissioner.
- 267.24 **Subd. 6. Compliance with rules.** The fire department must meet all other requirements
- 267.25 that the commissioner establishes by rule.
- 267.26 **Subd. 7. Financial reporting requirements.** The financial reporting requirements of
- 267.27 section 424A.014 must be satisfied.
- 267.28 **Subd. 8. PERA certification to commissioner.** On or before February 1 each year, if
- 267.29 retirement coverage for a fire department is provided by the voluntary statewide volunteer
- 267.30 firefighter retirement plan, the executive director of the Public Employees Retirement
- 267.31 Association must certify the existence of retirement coverage.

268.1 Subd. 9. Fire department certification to commissioner. On or before March 15 of  
268.2 each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the  
268.3 commissioner that the fire department exists and meets the qualification requirements of  
268.4 this section. The certification must be on a form prescribed by the commissioner and must  
268.5 include all other information that the commissioner requires.

268.6 Subd. 10. Penalty for failure to file certification. (a) If the certification under  
268.7 subdivision 9 is not filed with the commissioner on or before March 15, the commissioner  
268.8 must notify the municipal clerk or the secretary that a penalty equal to a portion or all of  
268.9 the current year aid will apply if the certification is not received within ten days of the  
268.10 postmark date of the notification.

268.11 (b) The penalty for failure to file the certification under subdivision 9 is equal to the  
268.12 amount of fire state aid determined for the municipality or the independent nonprofit  
268.13 firefighting corporation for the current year, multiplied by five percent for each week or  
268.14 fraction of a week that the certification is late. The penalty must be computed beginning  
268.15 ten days after the postmark date of the commissioner's notification. Aid amounts forfeited  
268.16 as a result of the penalty revert to the state general fund. Failure to receive the certification  
268.17 form is not a defense for a failure to file.

268.18 Subd. 11. Determination by commissioner. The commissioner must determine which  
268.19 municipalities and independent nonprofit firefighting corporations are qualified to receive  
268.20 fire state aid directly or are qualified to receive the benefit of fire state aid paid to the  
268.21 voluntary statewide volunteer firefighter retirement plan based on compliance with the  
268.22 requirements of this section and the financial compliance report required under section  
268.23 6.495, subdivision 3, if applicable. The commissioner may take into account any other  
268.24 relevant information that comes to the attention of the commissioner when making the  
268.25 determination.

268.26 EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

268.27 Sec. 3. [477B.03] CALCULATION OF FIRE STATE AID; APPEAL.

268.28 Subdivision 1. Certification and calculation of fire state aid. (a) On or before October  
268.29 1, the commissioner must calculate the amount of fire state aid that each municipality or  
268.30 independent nonprofit firefighting corporation is to receive.

268.31 (b) The commissioner must calculate an initial fire state aid allocation amount for each  
268.32 municipality or independent nonprofit firefighting corporation under subdivision 4 and, if  
268.33 applicable, a minimum fire state aid allocation amount for each municipality or independent

269.1 nonprofit firefighting corporation under subdivision 5. The municipality or independent  
269.2 nonprofit firefighting corporation must be apportioned the greater of the amounts calculated  
269.3 under subdivisions 4 and 5.

269.4 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for  
269.5 apportionment, before the addition of the minimum fire state aid allocation amount under  
269.6 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon  
269.7 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the  
269.8 commissioner by companies or insurance companies on the Minnesota Fire Premium Report.  
269.9 This amount must be reduced by the amount required to pay the state auditor's costs and  
269.10 expenses of the audits or exams of the firefighters' relief associations.

269.11 (b) The total amount available for apportionment must not be less than two percent of  
269.12 the premiums less return premiums reported to the commissioner by companies or insurance  
269.13 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

269.14 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
269.15 exams of the firefighters' relief associations; and

269.16 (2) one percent of the premiums reported by township mutual insurance companies and  
269.17 mutual property and casualty companies with total assets of \$5,000,000 or less.

269.18 (c) The commissioner must apportion the fire state aid to each municipality or independent  
269.19 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums  
269.20 reported on the Minnesota Fire Premium Reports filed under this chapter.

269.21 (d) The commissioner must calculate the percentage of increase or decrease reflected in  
269.22 the apportionment over or under the previous year's available state aid using the same  
269.23 premiums as a basis for comparison.

269.24 Subd. 3. **Population and estimated market value.** (a) Official statewide federal census  
269.25 figures must be used in calculations requiring the use of population figures under this chapter.  
269.26 Increases or decreases in population disclosed by reason of any special census must not be  
269.27 taken into consideration.

269.28 (b) The latest available estimated market value property figures must be used in  
269.29 calculations requiring the use of estimated market value property figures under this chapter.

269.30 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
269.31 amount is the amount available for apportionment as fire state aid under subdivision 2,  
269.32 without the inclusion of any additional funding amount to support a minimum fire state aid  
269.33 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount

270.1 is allocated one-half in proportion to the population for each fire department service area  
270.2 and one-half in proportion to the estimated market value of each fire department service  
270.3 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
270.4 market value of natural resources lands receiving in lieu payments under sections 477A.11  
270.5 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

270.6 (b) In the case of a municipality or independent nonprofit firefighting corporation  
270.7 furnishing fire protection to other municipalities as evidenced by valid fire service contracts  
270.8 filed with the commissioner under section 477B.02, subdivision 5, the distribution must be  
270.9 adjusted proportionately to take into consideration the crossover fire protection service.  
270.10 Necessary adjustments must be made to subsequent apportionments.

270.11 (c) In the case of municipalities or independent nonprofit firefighting corporations  
270.12 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
270.13 independent nonprofit firefighting corporation on the basis of the population and the estimated  
270.14 market value of the area furnished fire protection service by the fire department as evidenced  
270.15 by fire service agreements filed with the commissioner under section 477B.02, subdivision  
270.16 5.

270.17 (d) In the case of more than one fire department furnishing contracted fire service to a  
270.18 municipality, the population and estimated market value in the apportionment agreement  
270.19 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating  
270.20 the state aid.

270.21 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
270.22 allocation amount is the amount derived from any additional funding amount to support a  
270.23 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
270.24 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
270.25 corporations with volunteer firefighters' relief associations or covered by the voluntary  
270.26 statewide volunteer firefighter retirement plan. The amount is based on the number of active  
270.27 volunteer firefighters who are (1) members of the relief association as reported to the Office  
270.28 of the State Auditor in a specific annual financial reporting year as specified in paragraphs  
270.29 (b) to (d), or (2) covered by the voluntary statewide volunteer firefighter retirement plan as  
270.30 specified in paragraph (e).

270.31 (b) For relief associations established in calendar year 1993 or a prior year, the number  
270.32 of active volunteer firefighters equals the number of active volunteer firefighters who were  
270.33 members of the relief association as reported in the annual financial reporting for calendar  
270.34 year 1993, but not to exceed 30 active volunteer firefighters.

271.1 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
271.2 the number of active volunteer firefighters equals the number of active volunteer firefighters  
271.3 who were members of the relief association as reported in the annual financial reporting for  
271.4 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer  
271.5 firefighters.

271.6 (d) For relief associations established after calendar year 1999, the number of active  
271.7 volunteer firefighters equals the number of active volunteer firefighters who are members  
271.8 of the relief association as reported in the first annual financial reporting submitted to the  
271.9 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

271.10 (e) If a relief association is terminated as a result of providing retirement coverage for  
271.11 volunteer firefighters by the voluntary statewide volunteer firefighter retirement plan under  
271.12 chapter 353G, the number of active volunteer firefighters equals the number of active  
271.13 volunteer firefighters of the municipality or independent nonprofit firefighting corporation  
271.14 covered by the statewide plan as certified by the executive director of the Public Employees  
271.15 Retirement Association to the commissioner and the state auditor, but not to exceed 30  
271.16 active firefighters.

271.17 Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior  
271.18 misallocations must be made to subsequent fire state aid apportionments.

271.19 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
271.20 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may  
271.21 object to the amount of fire state aid apportioned to it by filing a written request with the  
271.22 commissioner to review and adjust the apportionment of funds within the state. The decision  
271.23 of the commissioner is subject to appeal, review, and adjustment by the district court in the  
271.24 county in which the applicable municipality or independent nonprofit firefighting corporation  
271.25 is located or by the Ramsey County District Court with respect to the voluntary statewide  
271.26 volunteer firefighter retirement plan.

271.27 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

271.28 Sec. 4. **[477B.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

271.29 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
271.30 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter  
271.31 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation  
271.32 that is a member of the voluntary statewide volunteer firefighter retirement plan under  
271.33 chapter 353G, or directly to a municipality or county designated by an independent nonprofit

272.1 firefighting corporation. The payment is equal to the amount of fire state aid apportioned  
272.2 to the applicable fire state aid recipient under section 477B.03.

272.3 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not  
272.4 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each  
272.5 month or part of a month that the amount remains unpaid after October 1.

272.6 (c) The interest under paragraph (b) does not apply when payment has not been made  
272.7 by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.

272.8 Subd. 2. **Appropriation.** The amount necessary to make the payments under this section  
272.9 and section 477B.03 is annually appropriated to the commissioner from the general fund.

272.10 Subd. 3. **Deposit of state aid.** (a) If the municipality or the independent nonprofit  
272.11 firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement  
272.12 plan under chapter 353G, the executive director of the Public Employees Retirement  
272.13 Association must credit the fire state aid against future municipal contribution requirements  
272.14 under section 353G.08 and must notify the municipality or the independent nonprofit  
272.15 firefighting corporation of the fire state aid so credited at least annually.

272.16 (b) If the municipality or the independent nonprofit firefighting corporation is not covered  
272.17 by the voluntary statewide volunteer firefighter retirement plan, the treasurer of the  
272.18 municipality must, within 30 days after receipt, transmit the fire state aid to the treasurer  
272.19 of the duly incorporated firefighters' relief association if there is one organized and the  
272.20 association has filed a financial report with the municipality pursuant to section 424A.014,  
272.21 subdivision 1 or 2, whichever applies. If the relief association has not filed a financial report  
272.22 with the municipality, the treasurer of the municipality must delay transmission of the fire  
272.23 state aid to the relief association until the complete financial report is filed.

272.24 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal  
272.25 treasury if (1) the municipality or independent nonprofit firefighting corporation is not  
272.26 covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no  
272.27 relief association organized, (3) the association has dissolved, or (4) the association has  
272.28 been removed as trustees of state aid. The money may be disbursed from the municipal  
272.29 treasury only for the purposes and in the manner set forth in section 424A.08 or for the  
272.30 payment of the employer contribution requirement with respect to firefighters covered by  
272.31 the public employees police and fire retirement plan under section 353.65, subdivision 3.

272.32 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.



273.1 Sec. 5. **[477B.05] SHORTFALL FROM GENERAL FUND.**

273.2 (a) If the annual funding requirements of fire relief associations or consolidation accounts  
273.3 under sections 424A.091 to 424A.095 or Laws 2013, chapter 111, article 5, sections 31 to  
273.4 42, exceed all applicable revenue sources of a given year, including the insurance premium  
273.5 taxes funding fire state aid under this chapter as set under section 297I.05, subdivisions 2,  
273.6 3, and 4, the shortfall in the annual funding requirements must be paid from the general  
273.7 fund to the extent appropriated by the legislature.

273.8 (b) Nothing in this section relieves any municipality from its obligation to a relief  
273.9 association or consolidation account under law.

273.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

273.11 Sec. 6. **PURPOSE.**

273.12 It is the intent of the legislature to make Minnesota's fire and police state aid laws more  
273.13 understandable by separating and recodifying disparate administration and compliance  
273.14 provisions currently contained in chapter 69 of Minnesota Statutes. Due to the complexity  
273.15 of the recodification, prior provisions are repealed on the effective date of the new provisions.

273.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.

273.17 Sec. 7. **REPEALER.**

273.18 Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, and 4; 69.021,  
273.19 subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, and 11; 69.031, subdivisions 1, 3, and 5; and 69.041,  
273.20 are repealed.

273.21 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

273.22 **ARTICLE 18**

273.23 **POLICE STATE AID; TECHNICAL CHANGES**

273.24 Section 1. **[477C.01] DEFINITIONS.**

273.25 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different  
273.26 meaning is intended, the following words and terms, for the purposes of this chapter and  
273.27 chapter 423A have the meanings given to them.

273.28 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

273.29 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has  
273.30 the meaning given in section 60A.02, subdivision 4.

274.1 Subd. 4. **Minnesota Aid to Police Premium Report.** "Minnesota Aid to Police Premium  
274.2 Report" means a form for reporting the total gross premiums, less return premiums and  
274.3 dividends, on all direct business received by an insurance company in this state during the  
274.4 preceding calendar year, with reference to insurance written for perils contained in auto  
274.5 insurance coverages as reported to the National Association of Insurance Commissioners  
274.6 and the commissioner of commerce.

274.7 Subd. 5. **Municipal clerk, municipal clerk-treasurer, or county auditor.** "Municipal  
274.8 clerk," "municipal clerk-treasurer," or "county auditor" means:

274.9 (1) the person elected or appointed to the position of municipal clerk, municipal  
274.10 clerk-treasurer, or county auditor or, if there is no such person, the chief financial official  
274.11 or the person primarily responsible for managing the finances of a municipality;

274.12 (2) for a park district, the secretary of the board of park district commissioners;

274.13 (3) for the University of Minnesota, the official designated by the Board of Regents;

274.14 (4) for the Metropolitan Airports Commission, the person designated by the commission;

274.15 (5) for the Departments of Natural Resources and Public Safety, the respective  
274.16 commissioner of the agency; and

274.17 (6) for a tribal police department that exercises state arrest powers under section 626.90,  
274.18 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal  
274.19 government.

274.20 Subd. 6. **Municipality.** (a) "Municipality" means:

274.21 (1) a home rule charter or statutory city;

274.22 (2) an organized town;

274.23 (3) a county;

274.24 (4) a park district subject to chapter 398;

274.25 (5) the University of Minnesota;

274.26 (6) an American Indian tribal government with a tribal police department that exercises  
274.27 state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

274.28 (7) the Metropolitan Airports Commission; and

274.29 (8) the Departments of Natural Resources and Public Safety with respect to peace officers  
274.30 covered under chapter 352B.

275.1 (b) This subdivision only applies to chapter 477C.

275.2 Subd. 7. **Peace officer.** "Peace officer" means any person:

275.3 (1) whose primary source of income derived from wages is from direct employment by  
275.4 a municipality as a law enforcement officer on a full-time basis of not less than 30 hours  
275.5 per week;

275.6 (2) who has been employed for a minimum of six months before December 31 preceding  
275.7 the date of the current year's certification under section 477C.02, subdivision 1;

275.8 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

275.9 (4) who is licensed by the Peace Officers Standards and Training Board and is authorized  
275.10 to arrest with a warrant; and

275.11 (5) who is a member of the State Patrol retirement plan or the public employees police  
275.12 and fire fund.

275.13 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

275.14 Sec. 2. **[477C.02] QUALIFYING FOR POLICE STATE AID.**

275.15 Subdivision 1. **Certification to commissioner.** (a) A certification made under this  
275.16 section must be filed with the commissioner on a form prescribed by the commissioner and  
275.17 must include all other facts that the commissioner requires.

275.18 (b) Except as provided in subdivision 2, on or before March 15 annually, the municipal  
275.19 clerk, municipal clerk-treasurer, or county auditor of each municipality employing one or  
275.20 more peace officers must certify to the commissioner the number of peace officers employed  
275.21 during the previous calendar year. No peace officer may be included in the certification by  
275.22 more than one municipality for the same month.

275.23 (c) Credit for peace officers employed less than a full year must be apportioned. Each  
275.24 full month of employment of a qualifying officer during the calendar year entitles the  
275.25 employing municipality to credit for 1/12 of the payment for employment of a peace officer  
275.26 for the entire year. For purposes of this chapter, employment of a peace officer begins when  
275.27 the peace officer is entered on the payroll of the employing municipality.

275.28 Subd. 2. **Departments of Natural Resources and Public Safety.** On or before March  
275.29 15 annually, the commissioner of natural resources must certify the number of peace officers  
275.30 employed by the Enforcement Division and the commissioner of public safety must certify  
275.31 the number of peace officers employed by the Bureau of Criminal Apprehension, the  
275.32 Gambling Enforcement Division, and the State Patrol Division. The certification must be

276.1 on the form described in subdivision 1, paragraph (a). Peace officers certified under this  
276.2 subdivision must be included in the total certifications under subdivision 1.

276.3 Subd. 3. **Ineligibility of certain peace officers.** A peace officer employed by the  
276.4 University of Minnesota who is required by the Board of Regents to be a member of the  
276.5 University of Minnesota faculty retirement plan is not eligible to be included in any police  
276.6 state aid certification under this section.

276.7 Subd. 4. **Penalty for failure to file certification.** (a) If a certification under subdivision  
276.8 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must  
276.9 notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal  
276.10 to a portion or all of its current year aid will apply if the certification is not received within  
276.11 ten days.

276.12 (b) The penalty for failure to file the certification under subdivision 1 or 2 is equal to  
276.13 the amount of police state aid determined for the municipality for the current year, multiplied  
276.14 by five percent for each week or fraction of a week that the certification is late. The penalty  
276.15 must be computed beginning ten days after the postmark date of the commissioner's  
276.16 notification as required under this subdivision. All aid amounts forfeited as a result of the  
276.17 penalty revert to the state general fund. Failure to receive the certification form may not be  
276.18 used as a defense for a failure to file.

276.19 Subd. 5. **Determination by commissioner.** The commissioner must determine which  
276.20 municipalities are qualified to receive police state aid based on compliance with the  
276.21 requirements of this section. The commissioner may take into account any other relevant  
276.22 information that comes to the attention of the commissioner when making the determination.

276.23 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

276.24 Sec. 3. **[477C.03] CALCULATION OF POLICE STATE AID; APPEAL.**

276.25 Subdivision 1. **Certification and calculation of police state aid.** (a) On or before  
276.26 October 1, the commissioner must calculate the amount of police state aid that each  
276.27 municipality is to receive.

276.28 (b) The commissioner must calculate an excess police state aid amount for each  
276.29 municipality under subdivision 3 and must reduce the apportionment amount for each  
276.30 municipality based on the calculation.

276.31 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for  
276.32 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
276.33 paid to the state on the premiums reported to the commissioner by companies or insurance

277.1 companies on the Minnesota Aid to Police Premium Report. The total amount for  
277.2 apportionment for the police state aid program must not be less than two percent of the  
277.3 amount of premiums reported to the commissioner by companies or insurance companies  
277.4 on the Minnesota Aid to Police Premium Report.

277.5 (b) The commissioner must calculate the percentage of increase or decrease reflected in  
277.6 the apportionment over or under the previous year's available state aid using the same  
277.7 premiums as a basis for comparison.

277.8 (c) In addition to the amount for apportionment of police state aid under paragraph (a),  
277.9 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
277.10 this increase is annually appropriated from the general fund.

277.11 (d) The commissioner must apportion police state aid to all municipalities in proportion  
277.12 to the relationship that the total number of peace officers employed by that municipality for  
277.13 the prior calendar year and the proportional or fractional number who were employed less  
277.14 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears  
277.15 to the total number of peace officers employed by all municipalities subject to any reduction  
277.16 under subdivision 3.

277.17 (e) Any necessary additional adjustments must be made to subsequent police state aid  
277.18 apportionments.

277.19 **Subd. 3. Apportionment reduction; excess police state aid.** (a) The commissioner  
277.20 must reduce the apportionment of police state aid under this section for eligible municipalities  
277.21 by the amount of any excess police state aid calculated under this subdivision.

277.22 (b) The commissioner must calculate the amount of excess police state aid for each  
277.23 municipality as follows:

277.24 (1) for municipalities in which police retirement coverage is provided wholly by the  
277.25 public employees police and fire fund and all peace officers are members of the plan governed  
277.26 by sections 353.63 to 353.657, the excess police state aid amount equals the amount of  
277.27 police state aid apportioned under subdivision 2 that exceeds the employer's total prior  
277.28 calendar year obligation as defined in paragraph (c), as certified by the executive director  
277.29 of the Public Employees Retirement Association;

277.30 (2) for the Metropolitan Airports Commission, the excess police state aid amount equals  
277.31 the amount of apportioned police aid calculated under subdivision 2 that exceeds the  
277.32 commission's total prior calendar year obligation as defined in paragraph (c), as certified  
277.33 by the executive director of the Public Employees Retirement Association; and

278.1 (3) for the Departments of Natural Resources and Public Safety, the excess police state  
 278.2 aid amount equals the amount of apportioned police aid calculated under subdivision 2 that  
 278.3 exceeds the employer's total prior calendar year obligation under section 352B.02, subdivision  
 278.4 1c, for plan members who are peace officers, as certified by the executive director of the  
 278.5 Minnesota State Retirement System.

278.6 (c) The municipality's total prior calendar year obligation with respect to the public  
 278.7 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar  
 278.8 year obligation under section 353.65, subdivision 3, for police officers as defined in section  
 278.9 353.64, subdivisions 1, la, and 2, and the actual total prior calendar year obligation under  
 278.10 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1,  
 278.11 la, and 2, but not to exceed for those firefighters the applicable following employer calendar  
 278.12 year amount:

	<u>Municipality</u>	<u>Maximum Amount</u>
278.13	<u>Albert Lea</u>	<u>\$54,157.01</u>
278.14	<u>Anoka</u>	<u>10,399.31</u>
278.15	<u>Apple Valley</u>	<u>5,442.44</u>
278.16	<u>Austin</u>	<u>49,864.73</u>
278.17	<u>Bemidji</u>	<u>27,671.38</u>
278.18	<u>Brooklyn Center</u>	<u>6,605.92</u>
278.19	<u>Brooklyn Park</u>	<u>24,002.26</u>
278.20	<u>Burnsville</u>	<u>15,956.00</u>
278.21	<u>Cloquet</u>	<u>4,260.49</u>
278.22	<u>Coon Rapids</u>	<u>39,920.00</u>
278.23	<u>Cottage Grove</u>	<u>8,588.48</u>
278.24	<u>Crystal</u>	<u>5,855.00</u>
278.25	<u>East Grand Forks</u>	<u>51,009.88</u>
278.26	<u>Edina</u>	<u>32,251.00</u>
278.27	<u>Elk River</u>	<u>5,216.55</u>
278.28	<u>Ely</u>	<u>13,584.16</u>
278.29	<u>Eveleth</u>	<u>16,288.27</u>
278.30	<u>Fergus Falls</u>	<u>6,742.00</u>
278.31	<u>Fridley</u>	<u>33,420.64</u>
278.32	<u>Golden Valley</u>	<u>11,744.61</u>
278.33	<u>Hastings</u>	<u>16,561.00</u>
278.34	<u>Hopkins</u>	<u>4,324.23</u>
278.35	<u>International Falls</u>	<u>14,400.69</u>
278.36	<u>Lakeville</u>	<u>782.35</u>

279.1	<u>Lino Lakes</u>	<u>5,324.00</u>
279.2	<u>Little Falls</u>	<u>7,889.41</u>
279.3	<u>Maple Grove</u>	<u>6,707.54</u>
279.4	<u>Maplewood</u>	<u>8,476.69</u>
279.5	<u>Minnetonka</u>	<u>10,403.00</u>
279.6	<u>Montevideo</u>	<u>1,307.66</u>
279.7	<u>Moorhead</u>	<u>68,069.26</u>
279.8	<u>New Hope</u>	<u>6,739.72</u>
279.9	<u>North St. Paul</u>	<u>4,241.14</u>
279.10	<u>Northfield</u>	<u>770.63</u>
279.11	<u>Owatonna</u>	<u>37,292.67</u>
279.12	<u>Plymouth</u>	<u>6,754.71</u>
279.13	<u>Red Wing</u>	<u>3,504.01</u>
279.14	<u>Richfield</u>	<u>53,757.96</u>
279.15	<u>Rosemount</u>	<u>1,712.55</u>
279.16	<u>Roseville</u>	<u>9,854.51</u>
279.17	<u>St. Anthony</u>	<u>33,055.00</u>
279.18	<u>St. Louis Park</u>	<u>53,643.11</u>
279.19	<u>Thief River Falls</u>	<u>28,365.04</u>
279.20	<u>Virginia</u>	<u>31,164.46</u>
279.21	<u>Waseca</u>	<u>11,135.17</u>
279.22	<u>West St. Paul</u>	<u>15,707.20</u>
279.23	<u>White Bear Lake</u>	<u>6,521.04</u>
279.24	<u>Woodbury</u>	<u>3,613.00</u>
279.25	<u>any other municipality</u>	<u>0.00</u>

279.26 (d) The total amount of excess police state aid must be deposited in the excess police  
 279.27 state aid account in the general fund, and administered and distributed as provided in  
 279.28 subdivision 4.

279.29 Subd. 4. Excess police state aid holding account. (a) The excess police state aid holding  
 279.30 account is established in the general fund. The excess police state aid holding account is  
 279.31 administered by the commissioner.

279.32 (b) Excess police state aid determined under subdivision 3 must be deposited annually  
 279.33 in the excess police state aid holding account.

279.34 (c) From the balance in the excess police state aid holding account, \$900,000 must be  
 279.35 canceled annually to the general fund.

280.1 (d) On October 1 annually, one-half of the balance of the excess police state aid holding  
280.2 account remaining after the deduction under paragraph (c) is appropriated for additional  
280.3 amortization aid under section 423A.02, subdivision 1b.

280.4 (e) The remaining balance in the excess police state aid holding account, after the  
280.5 deductions under paragraphs (c) and (d), must be canceled annually to the general fund.

280.6 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
280.7 to it by filing a written request with the commissioner to review and adjust the apportionment  
280.8 of funds to the municipality. The decision of the commissioner is subject to appeal, review,  
280.9 and adjustment by the district court in the county in which the applicable municipality is  
280.10 located or by the Ramsey County District Court with respect to the Departments of Natural  
280.11 Resources or Public Safety.

280.12 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

280.13 Sec. 4. **[477C.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

280.14 Subdivision 1. **Payments.** (a) The commissioner must make payments to the municipality  
280.15 equal to the amount of police state aid apportioned to the applicable state aid recipient under  
280.16 section 477C.03.

280.17 (b) Police state aid is payable on October 1 annually. The amount of state aid due and  
280.18 not paid by October 1 accrues interest payable to the recipient at the rate of one percent for  
280.19 each month or part of a month that the amount remains unpaid after October 1.

280.20 Subd. 2. **Appropriation.** (a) The amount necessary to make the payments under this  
280.21 section and section 477C.03 is annually appropriated to the commissioner from the general  
280.22 fund.

280.23 (b) The police state aid apportioned to the Departments of Public Safety and Natural  
280.24 Resources under section 477C.03 is allocated to the commissioner of management and  
280.25 budget for transfer to the funds and accounts from which the salaries of peace officers  
280.26 certified under section 477C.02, subdivision 2, are paid. On or before October 1, the  
280.27 commissioner of revenue must certify to the commissioners of public safety, natural  
280.28 resources, and management and budget the amounts to be transferred from the appropriation  
280.29 for police state aid. The commissioners of public safety and natural resources must certify  
280.30 to the commissioner of management and budget the amounts to be credited to each of the  
280.31 funds and accounts from which the peace officers employed by their respective departments  
280.32 are paid.



281.1 Subd. 3. **Deposit of state aid.** (a) For a municipality in which police retirement coverage  
281.2 is provided by the public employees police and fire fund and all peace officers are members  
281.3 of the fund, including municipalities covered by section 353.665, the total state aid must  
281.4 be applied toward the municipality's employer contribution to the public employees police  
281.5 and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

281.6 (b) The county treasurer, upon receipt of the police state aid for the county, must apply  
281.7 the total state aid toward the county's employer contribution to the public employees police  
281.8 and fire fund under section 353.65, subdivision 3.

281.9 (c) The designated Metropolitan Airports Commission official, upon receipt of the police  
281.10 state aid for the Metropolitan Airports Commission, must apply the total police state aid  
281.11 toward the commission's employer contribution for peace officers to the public employees  
281.12 police and fire plan under section 353.65, subdivision 3.

281.13 (d) The commissioners of public safety and natural resources must allocate the police  
281.14 state aid first for employer contributions funded from the general fund and then for employer  
281.15 contributions funded from other funds. For peace officers employed by the Departments of  
281.16 Natural Resources or Public Safety whose salaries are paid from the general fund, the  
281.17 amounts transferred from the appropriation for police state aid must be canceled to the  
281.18 general fund.

281.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

## 281.20 **ARTICLE 19**

### 281.21 **FIRE AND POLICE STATE AID; MISCELLANEOUS TECHNICAL CHANGES**

#### 281.22 Section 1. **[297I.26] FIRE AND POLICE PREMIUM REPORTS.**

281.23 Subdivision 1. **Filing reports.** (a) Each company must file with the commissioner the  
281.24 reports defined in sections 477B.01, subdivision 8, and 477C.01, subdivision 4, signed by  
281.25 the authorized representative of the company, on or before March 1 annually. The fire and  
281.26 extended coverage portion of multiperil package premiums and all other combination  
281.27 premiums must be determined by applying percentages determined by the commissioner  
281.28 or by rating bureaus recognized by the commissioner. The commissioner shall prescribe  
281.29 the content, form, and manner of the reports.

281.30 (b) The commissioner must notify each company that fails to timely file the report  
281.31 required under paragraph (a). The notice must demand that the company file the report  
281.32 within 30 days. Where good cause exists, the commissioner may extend the period for filing

282.1 the report as long as a request for extension is filed by the company before the expiration  
282.2 of the 30-day period.

282.3 Subd. 2. **Penalties.** (a) A company that fails to file the report on or before the due date  
282.4 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,  
282.5 that the report is delinquent, but not to exceed \$200.

282.6 (b) Any person whose duty it is to file the report and who fails or refuses to file within  
282.7 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no  
282.8 more than \$1,000.

282.9 (c) Any company that knowingly makes and files an inaccurate or false report is liable  
282.10 for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the  
282.11 commissioner, and the commissioner of commerce may revoke the company's certificate  
282.12 of authority.

282.13 **EFFECTIVE DATE.** This section is effective for reports filed after December 31, 2019.

282.14 Sec. 2. **[424A.014] FINANCIAL REPORT; BOND; EXAMINATION.**

282.15 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire  
282.16 Department Relief Association and each volunteer firefighters relief association with assets  
282.17 of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous  
282.18 year, according to the applicable actuarial valuation or according to the financial report if  
282.19 no valuation is required, must prepare a financial report covering the special and general  
282.20 funds of the relief association for the preceding fiscal year, file the financial report, and  
282.21 submit financial statements.

282.22 (b) The financial report must contain financial statements and disclosures that present  
282.23 the true financial condition of the relief association and the results of relief association  
282.24 operations in conformity with generally accepted accounting principles and in compliance  
282.25 with the regulatory, financing, and funding provisions of this chapter and any other applicable  
282.26 laws. The financial report must be countersigned by:

282.27 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief  
282.28 association is located if the relief association is a firefighters' relief association that is directly  
282.29 associated with a municipal fire department;

282.30 (2) the municipal clerk or clerk-treasurer of the largest municipality in population that  
282.31 contracts with the independent nonprofit firefighting corporation if the volunteer firefighter  
282.32 relief association is a subsidiary of an independent nonprofit firefighting corporation, and  
282.33 by the secretary of the independent nonprofit firefighting corporation; or

283.1 (3) the chief financial official of the county in which the volunteer firefighter relief  
283.2 association is located or primarily located if the relief association is associated with a fire  
283.3 department that is not located in or associated with an organized municipality.

283.4 (c) The financial report must be retained in the office of the Bloomington Fire Department  
283.5 Relief Association or the volunteer firefighter relief association for public inspection and  
283.6 must be filed with the governing body of the government subdivision in which the associated  
283.7 fire department is located after the close of the fiscal year. One copy of the financial report  
283.8 must be furnished to the state auditor after the close of the fiscal year.

283.9 (d) Audited financial statements must be attested to by a certified public accountant or  
283.10 by the state auditor and must be filed with the state auditor on or before June 30 after the  
283.11 close of the fiscal year. The state auditor may accept this report in lieu of the report required  
283.12 in paragraph (c).

283.13 Subd. 2. **Financial statement.** (a) The board of each volunteer firefighter relief  
283.14 association that is not required to file a financial report and audit under subdivision 1 must  
283.15 prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief  
283.16 association's special and general funds in the style and form prescribed by the state auditor.  
283.17 The detailed statement must show:

283.18 (1) the sources and amounts of all money received;

283.19 (2) all disbursements, accounts payable, and accounts receivable;

283.20 (3) the amount of money remaining in the treasury;

283.21 (4) total assets, including a listing of all investments;

283.22 (5) the accrued liabilities; and

283.23 (6) all other items necessary to show accurately the revenues and expenditures and  
283.24 financial position of the relief association.

283.25 (b) The detailed financial statement of the special and general funds required under  
283.26 paragraph (a) must be certified by a certified public accountant or by the state auditor in  
283.27 accordance with agreed-upon procedures and forms prescribed by the state auditor. The  
283.28 accountant must have at least five years of public accounting, auditing, or similar experience  
283.29 and must not be an active, inactive, or retired member of the relief association or the fire  
283.30 department.

283.31 (c) The detailed financial statement required under paragraph (a) must be countersigned  
283.32 by:

284.1 (1) the municipal clerk or clerk-treasurer of the municipality;

284.2 (2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality  
284.3 in population that contracts with the independent nonprofit firefighting corporation if the  
284.4 relief association is a subsidiary of an independent nonprofit firefighting corporation, and  
284.5 by the secretary of the independent nonprofit firefighting corporation; or

284.6 (3) the chief financial official of the county in which the volunteer firefighter relief  
284.7 association is located or primarily located if the relief association is associated with a fire  
284.8 department that is not located in or associated with an organized municipality.

284.9 (d) The volunteer firefighters relief association board must submit a copy of the detailed  
284.10 financial statement required under paragraph (a) that has been certified by the governing  
284.11 body of the municipality to the state auditor on or before March 31 after the close of the  
284.12 fiscal year.

284.13 (e) A certified public accountant or auditor who performs the agreed-upon procedures  
284.14 under paragraph (b) is subject to the reporting requirement of section 6.67.

284.15 Subd. 3. **Qualification.** The state auditor may, upon a demonstration by a relief  
284.16 association of hardship or an inability to conform, extend the deadline for reports under  
284.17 subdivision 1 or 2, but not beyond November 30 following the due date. If the reports are  
284.18 not received by November 30, the municipality or relief association forfeits its current year  
284.19 state aid, and, until the state auditor receives the required information, the relief association  
284.20 or municipality is ineligible to receive any future state aid. A municipality or relief association  
284.21 does not qualify initially to receive, or be entitled subsequently to retain, fire state aid and  
284.22 police and firefighter retirement supplemental state aid payable under chapter 477B and  
284.23 section 423A.022 if the financial reporting requirement or the applicable requirements of  
284.24 this chapter or any other statute or special law have not been complied with or are not  
284.25 fulfilled.

284.26 Subd. 4. **Treasurer bond.** (a) The treasurer of the Bloomington Fire Department Relief  
284.27 Association may not enter upon duties without having given the association a bond in a  
284.28 reasonable amount acceptable to the municipality for the faithful discharge of duties  
284.29 according to law.

284.30 (b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may  
284.31 enter upon the duties of the office until the treasurer has given the association a good and  
284.32 sufficient bond in an amount equal to at least ten percent of the assets of the relief association;  
284.33 however, the amount of the bond need not exceed \$500,000.

285.1 Subd. 5. Report by certain municipalities; exceptions. (a) The chief administrative  
285.2 officer of each municipality that has a fire department but does not have a relief association  
285.3 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section  
285.4 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed  
285.5 financial report of the receipts and disbursements by the municipality for fire protection  
285.6 service during the preceding calendar year on a form prescribed by the state auditor. The  
285.7 financial report must contain any information that the state auditor deems necessary to  
285.8 disclose the sources of receipts and the purpose of disbursements for fire protection service.  
285.9 The financial report must be signed by the municipal clerk or clerk-treasurer with the state  
285.10 auditor on or before July 1 annually. The municipality does not qualify initially to receive,  
285.11 and is not entitled subsequently to retain, any fire state aid and police and firefighter  
285.12 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the  
285.13 financial reporting requirement or the applicable requirements of any other statute or special  
285.14 law have not been complied with or are not fulfilled.

285.15 (b) Each municipality that has a fire department and provides retirement coverage to its  
285.16 firefighters through the voluntary statewide volunteer firefighter retirement plan under  
285.17 chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide  
285.18 volunteer firefighter retirement fund without filing a detailed financial report if the executive  
285.19 director of the Public Employees Retirement Association certifies compliance by the  
285.20 municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1,  
285.21 paragraph (e), and certifies conformity by the applicable fire chief with the requirements  
285.22 of section 353G.07.

285.23 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing  
285.24 a financial report under paragraph (a) if the municipality:

285.25 (1) has a fire department;

285.26 (2) does not have a volunteer firefighters relief association directly associated with its  
285.27 fire department;

285.28 (3) does not participate in the statewide volunteer firefighter retirement plan under  
285.29 chapter 353G;

285.30 (4) provides retirement coverage to its firefighters through the public employees police  
285.31 and fire retirement plan under sections 353.63 to 353.68; and

285.32 (5) is certified by the executive director of the Public Employees Retirement Association  
285.33 to the state auditor to have had an employer contribution under section 353.65, subdivision

286.1 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire  
286.2 state aid for the immediately prior calendar year.

286.3 Subd. 6. **Notification by commissioner of revenue and state auditor.** (a) The state  
286.4 auditor, in performing an audit or examination, must notify the Legislative Commission on  
286.5 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or  
286.6 nonfeasance in office by relief association officials or municipal officials.

286.7 (b) The commissioner of revenue must notify the Legislative Commission on Pensions  
286.8 and Retirement if the state auditor has not filed the required financial compliance reports  
286.9 by July 1.

286.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

286.11 Sec. 3. Minnesota Statutes 2018, section 424A.05, is amended by adding a subdivision to  
286.12 read:

286.13 Subd. 3b. **Authorized administrative expenses from special fund.** (a) Notwithstanding  
286.14 any provision of law to the contrary, the payment of the following necessary, reasonable,  
286.15 and direct expenses of maintaining, protecting, and administering the special fund, when  
286.16 provided for in the bylaws of the association and approved by the board of trustees,  
286.17 constitutes authorized administrative expenses of a volunteer firefighters relief association  
286.18 organized under any law of the state or the Bloomington Fire Department Relief Association:

286.19 (1) office expenses, including but not limited to rent, utilities, equipment, supplies,  
286.20 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

286.21 (2) salaries of the officers of the association or their designees, and salaries of the  
286.22 members of the board of trustees of the association if the salary amounts are approved by  
286.23 the governing body of the entity that is responsible for meeting any minimum obligation  
286.24 under section 424A.092 or 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to  
286.25 42, and the itemized expenses of relief association officers and board members that are  
286.26 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

286.27 (3) tuition, registration fees, organizational dues, and other authorized expenses of the  
286.28 officers or members of the board of trustees incurred in attending educational conferences,  
286.29 seminars, or classes relating to the administration of the relief association;

286.30 (4) audit and audit-related services, accounting and accounting-related services, and  
286.31 actuarial, medical, legal, and investment and performance evaluation expenses;

287.1 (5) filing and application fees payable by the relief association to federal or other  
287.2 government entities;

287.3 (6) reimbursement to the officers and members of the board of trustees or their designees,  
287.4 for reasonable and necessary expenses actually paid and incurred in the performance of  
287.5 their duties as officers or members of the board; and

287.6 (7) premiums on fiduciary liability insurance and official bonds for the officers, members  
287.7 of the board of trustees, and employees of the relief association.

287.8 (b) All other expenses of the relief association must be paid from the general fund of  
287.9 the association if one exists. If a relief association has only one fund, that fund is the special  
287.10 fund for purposes of this subdivision. If a relief association has a special fund and a general  
287.11 fund, the payment of any expense of the relief association that is directly related to the  
287.12 purposes for which both funds were established must be apportioned between the two funds  
287.13 on the basis of the benefits derived by each fund.

287.14 **EFFECTIVE DATE.** This section is effective July 1, 2019.

287.15 Sec. 4. **REPEALER.**

287.16 (a) Minnesota Statutes 2018, sections 69.051, subdivisions 1, 1a, 1b, 2, 3, and 4; and  
287.17 69.80, are repealed.

287.18 (b) Minnesota Statutes 2018, sections 69.33; and 297I.25, subdivision 2, are repealed.

287.19 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2019. Paragraph (b) is effective  
287.20 for reports filed after December 31, 2019.

## 287.21 **ARTICLE 20**

### 287.22 **FIRE AND POLICE STATE AID; CONFORMING CHANGES**

287.23 Section 1. Minnesota Statutes 2018, section 6.495, subdivision 3, is amended to read:

287.24 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the  
287.25 commissioner of revenue a financial compliance report certifying for each relief association:

287.26 (1) the completion of the annual financial report required under section ~~69.051~~ 424A.014  
287.27 and the auditing or certification of those financial reports under subdivision 1; and

287.28 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
287.29 2013, chapter 111, article 5, sections 31 to 42.

287.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

288.1 Sec. 2. Minnesota Statutes 2018, section 144E.42, subdivision 2, is amended to read:

288.2 Subd. 2. **Trust account.** (a) There is established in the general fund the Cooper/Sams  
288.3 volunteer ambulance trust account and the Cooper/Sams volunteer ambulance award and  
288.4 account.

288.5 (b) The trust account must be credited with:

288.6 (1) general fund appropriations for that purpose;

288.7 (2) transfers from the Cooper/Sams volunteer ambulance award and account; and

288.8 (3) investment earnings on those accumulated proceeds. The assets and income of the  
288.9 trust account must be held and managed by the commissioner of management and budget  
288.10 and the State Board of Investment for the benefit of the state of Minnesota and its general  
288.11 creditors.

288.12 (c) The Cooper/Sams volunteer ambulance account must be credited with transfers from  
288.13 the excess police state-aid holding account established in section ~~69.021, subdivision 11~~  
288.14 477C.03, subdivision 4, any per-year-of-service allocation under section 144E.45, subdivision  
288.15 2, paragraph (c), that was not made for an individual, and investment earnings on those  
288.16 accumulated proceeds. The Cooper/Sams volunteer ambulance account must be managed  
288.17 by the commissioner of management and budget and the State Board of Investment. From  
288.18 the Cooper/Sams volunteer ambulance account to the trust account there must be transferred  
288.19 to the Cooper/Sams volunteer ambulance trust account, as the Cooper/Sams volunteer  
288.20 ambulance account balance permits, the following amounts:

288.21 (1) an amount equal to any general fund appropriation to the Cooper/Sams volunteer  
288.22 ambulance trust account for that fiscal year; and

288.23 (2) an amount equal to the percentage of the remaining balance in the account after the  
288.24 deduction of the amount under clause (1), as specified for the applicable fiscal year:

288.25	Fiscal year	Percentage
288.26	1995	20
288.27	1996	40
288.28	1997	50
288.29	1998	60
288.30	1999	70
288.31	2000	80
288.32	2001	90
288.33	2002 and thereafter	100



289.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

289.2 Sec. 3. Minnesota Statutes 2018, section 297I.20, subdivision 3, is amended to read:

289.3 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim  
289.4 a credit against the premiums tax imposed under this chapter equal to the amount of the  
289.5 credit certificate issued to it, or to a person who has assigned the credit to the insurance  
289.6 company, under section 290.0681. If the amount of the credit exceeds the liability for tax  
289.7 under this chapter, the commissioner shall refund the excess to the insurance company. An  
289.8 amount sufficient to pay the refunds under this section is appropriated to the commissioner  
289.9 from the general fund. This credit does not affect the calculation of ~~police and fire state aid~~  
289.10 under section ~~69.021~~ 477B.03 and police state aid under section 477C.03.

289.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

289.12 Sec. 4. Minnesota Statutes 2018, section 353G.01, subdivision 9, is amended to read:

289.13 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section  
289.14 ~~69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5)~~ 477B.01, subdivision 10, a  
289.15 city or township that has entered into a contract with an independent nonprofit firefighting  
289.16 corporation, or a city or township that has entered into a contract with a joint powers entity  
289.17 established under section 471.59.

289.18 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

289.19 Sec. 5. Minnesota Statutes 2018, section 353G.05, subdivision 2, is amended to read:

289.20 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of  
289.21 volunteer firefighters by the lump-sum retirement division is initiated by a request to the  
289.22 executive director for a cost analysis of the prospective retirement coverage under the  
289.23 lump-sum retirement division.

289.24 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter  
289.25 relief association or a defined contribution volunteer firefighter relief association governed  
289.26 by chapter 424A, the cost analysis of the prospective retirement coverage must be requested  
289.27 jointly by the secretary of the volunteer firefighter relief association, following approval of  
289.28 the request by the board of the volunteer firefighter relief association, and the chief  
289.29 administrative officer of the entity associated with the relief association, following approval  
289.30 of the request by the governing body of the entity associated with the relief association. If  
289.31 the relief association is associated with more than one entity, the chief administrative officer  
289.32 of each associated entity must execute the request. If the volunteer firefighters are not

290.1 currently covered by a volunteer firefighter relief association, the cost analysis of the  
290.2 prospective retirement coverage must be requested by the chief administrative officer of  
290.3 the entity operating the fire department. The request must be made in writing and must be  
290.4 made on a form prescribed by the executive director.

290.5 (c) The cost analysis of the prospective retirement coverage by the lump-sum retirement  
290.6 division of the statewide retirement plan must be based on the service pension amount under  
290.7 section 353G.11 closest to the service pension amount provided by the volunteer firefighter  
290.8 relief association if the relief association is a lump-sum defined benefit plan, or the amount  
290.9 equal to 95 percent of the most current average account balance per relief association member  
290.10 if the relief association is a defined contribution plan, or to the lowest service pension amount  
290.11 under section 353G.11 if there is no volunteer firefighter relief association, rounded up, and  
290.12 any other service pension amount designated by the requester or requesters. The cost analysis  
290.13 must be prepared using a mathematical procedure certified as accurate by an approved  
290.14 actuary retained by the Public Employees Retirement Association.

290.15 (d) If a cost analysis is requested and a volunteer ~~firefighters'~~ firefighters relief association  
290.16 exists that has filed the information required under section ~~69.051~~ 424A.014 in a timely  
290.17 fashion, upon request by the executive director, the state auditor shall provide the most  
290.18 recent data available on the financial condition of the volunteer firefighter relief association,  
290.19 the most recent firefighter demographic data available, and a copy of the current relief  
290.20 association bylaws. If a cost analysis is requested, but no volunteer firefighter relief  
290.21 association exists, the chief administrative officer of the entity operating the fire department  
290.22 shall provide the demographic information on the volunteer firefighters serving as members  
290.23 of the fire department requested by the executive director.

290.24 **EFFECTIVE DATE.** This section is effective July 1, 2019.

290.25 Sec. 6. Minnesota Statutes 2018, section 353G.08, subdivision 1, is amended to read:

290.26 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)  
290.27 Annually, the executive director shall determine the funding requirements of each account  
290.28 in the lump-sum retirement division of the voluntary statewide volunteer firefighter retirement  
290.29 plan on or before August 1. The funding requirements computed under this subdivision  
290.30 must be determined using a mathematical procedure developed and certified as accurate by  
290.31 the approved actuary retained by the Public Employees Retirement Association and must  
290.32 be based on present value factors using a six percent interest rate, without any decrement  
290.33 assumptions. The funding requirements must be certified to the entity or entities associated  
290.34 with the fire department whose active firefighters are covered by the retirement plan.

291.1 (b) The overall funding balance of each lump-sum account for the current calendar year  
291.2 must be determined in the following manner:

291.3 (1) The total accrued liability for all active and deferred members of the account as of  
291.4 December 31 of the current year must be calculated based on the good time service credit  
291.5 of active and deferred members as of that date.

291.6 (2) The total present assets of the account projected to December 31 of the current year,  
291.7 including receipts by and disbursements from the account anticipated to occur on or before  
291.8 December 31, must be calculated. To the extent possible, the market value of assets must  
291.9 be utilized in making this calculation.

291.10 (3) The amount of the total present assets calculated under clause (2) must be subtracted  
291.11 from the amount of the total accrued liability calculated under clause (1). If the amount of  
291.12 total present assets exceeds the amount of the total accrued liability, then the account is  
291.13 considered to have a surplus over full funding. If the amount of the total present assets is  
291.14 less than the amount of the total accrued liability, then the account is considered to have a  
291.15 deficit from full funding. If the amount of total present assets is equal to the amount of the  
291.16 total accrued liability, then the special fund is considered to be fully funded.

291.17 (c) The financial requirements of each lump-sum account for the following calendar  
291.18 year must be determined in the following manner:

291.19 (1) The total accrued liability for all active and deferred members of the account as of  
291.20 December 31 of the calendar year next following the current calendar year must be calculated  
291.21 based on the good time service used in the calculation under paragraph (b), clause (1),  
291.22 increased by one year.

291.23 (2) The increase in the total accrued liability of the account for the following calendar  
291.24 year over the total accrued liability of the account for the current year must be calculated.

291.25 (3) The amount of administrative expenses of the account must be calculated by  
291.26 multiplying the per-person dollar amount of the administrative expenses for the most recent  
291.27 prior calendar year by the number of active and deferred firefighters reported to PERA on  
291.28 the most recent good time service credit certification form for each account.

291.29 (4) If the account is fully funded, the financial requirement of the account for the  
291.30 following calendar year is the total of the amounts calculated under clauses (2) and (3).

291.31 (5) If the account has a deficit from full funding, the financial requirement of the account  
291.32 for the following calendar year is the total of the amounts calculated under clauses (2) and

292.1 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the  
292.2 account.

292.3 (6) If the account has a surplus over full funding, the financial requirement of the account  
292.4 for the following calendar year is the financial requirement of the account calculated as  
292.5 though the account was fully funded under clause (4) and, if the account has also had a  
292.6 surplus over full funding during the prior two years, additionally reduced by an amount  
292.7 equal to one-tenth of the amount of the surplus over full funding of the account.

292.8 (d) The required contribution of the entity or entities associated with the fire department  
292.9 whose active firefighters are covered by the lump-sum retirement division is the annual  
292.10 financial requirements of the lump-sum account of the retirement plan under paragraph (c)  
292.11 reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter  
292.12 477B or police and firefighter retirement supplemental state aid payable under section  
292.13 423A.022 that is reasonably anticipated to be received by the retirement plan attributable  
292.14 to the entity or entities during the following calendar year, and an amount of interest on the  
292.15 assets projected to be received during the following calendar year calculated at the rate of  
292.16 six percent per annum. The required contribution must be allocated between the entities if  
292.17 more than one entity is involved. A reasonable amount of anticipated fire state aid is an  
292.18 amount that does not exceed the fire state aid actually received in the prior year multiplied  
292.19 by the factor 1.035.

292.20 (e) The required contribution calculated in paragraph (d) must be paid to the retirement  
292.21 plan on or before December 31 of the year for which it was calculated. If the contribution  
292.22 is not received by the retirement plan by December 31, it is payable with interest at an  
292.23 annual compound rate of six percent from the date due until the date payment is received  
292.24 by the retirement plan. If the entity does not pay the full amount of the required contribution,  
292.25 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

292.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

292.27 Sec. 7. Minnesota Statutes 2018, section 353G.08, subdivision 1a, is amended to read:

292.28 Subd. 1a. **Annual funding requirements; monthly benefit retirement division.** (a)  
292.29 Annually, the executive director shall determine the funding requirements of each monthly  
292.30 benefit account in the voluntary statewide volunteer firefighter retirement plan on or before  
292.31 August 1.

292.32 (b) The executive director must determine the funding requirements of a monthly benefit  
292.33 account under this subdivision from:

293.1 (1) the most recent actuarial valuation normal cost, administrative expense, including  
293.2 the cost of a regular actuarial valuation, and amortization results for the account determined  
293.3 by the approved actuary retained by the retirement association under sections 356.215 and  
293.4 356.216; and

293.5 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial  
293.6 assumption and other actuarial assumptions approved under section 356.215, subdivision  
293.7 18:

293.8 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit  
293.9 increase to be amortized over a period of 20 years from the date of the benefit change;

293.10 (ii) with that portion of any unfunded actuarial accrued liability attributable to an  
293.11 assumption change or an actuarial method change to be amortized over a period of 20 years  
293.12 from the date of the assumption or method change;

293.13 (iii) with that portion of any unfunded actuarial accrued liability attributable to an  
293.14 investment loss to be amortized over a period of ten years from the date of investment loss;  
293.15 and

293.16 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized over  
293.17 a period of five years from the date of the actuarial valuation.

293.18 (c) The required contributions of the entity or entities associated with the fire department  
293.19 whose active firefighters are covered by the monthly benefit retirement division are the  
293.20 annual financial requirements of the monthly benefit account of the retirement plan under  
293.21 paragraph (b) reduced by the amount of any fire state aid payable under ~~sections 69.011 to~~  
293.22 ~~69.051~~ chapter 477B, or any police and firefighter retirement supplemental state aid payable  
293.23 under section 423A.022, that is reasonably anticipated to be received by the retirement plan  
293.24 attributable to the entity or entities during the following calendar year. The required  
293.25 contribution must be allocated between the entities if more than one entity is involved. A  
293.26 reasonable amount of anticipated fire state aid is an amount that does not exceed the fire  
293.27 state aid actually received in the prior year multiplied by the factor 1.035.

293.28 (d) The required contribution calculated in paragraph (c) must be paid to the retirement  
293.29 plan on or before December 31 of the year for which it was calculated. If the contribution  
293.30 is not received by the retirement plan by December 31, it is payable with interest at an  
293.31 annual compound rate of six percent from the date due until the date payment is received  
293.32 by the retirement plan. If the entity does not pay the full amount of the required contribution,  
293.33 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

294.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

294.2 Sec. 8. Minnesota Statutes 2018, section 353G.17, subdivision 2, is amended to read:

294.3 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,  
294.4 and liabilities from the retirement plan to a relief association may occur, the board of trustees  
294.5 of the relief association shall adopt resolutions as follows:

294.6 (1) approving and accepting the transfer of records, assets, and liabilities from the  
294.7 retirement plan; and

294.8 (2) amending the bylaws of the relief association as necessary to add the firefighters  
294.9 whose benefits are being transferred from the retirement plan and to provide that each benefit  
294.10 being transferred retains vesting, distribution, and other rights to which the firefighter, for  
294.11 whom the benefit is being transferred, is entitled under the terms of the retirement plan to  
294.12 the date of the transfer.

294.13 The board of trustees shall file a copy of the resolutions with the executive director.

294.14 (b) The board of trustees of the relief association shall file with the state auditor the  
294.15 following:

294.16 (1) a copy of the resolutions required under paragraph (a);

294.17 (2) a copy of the bylaws of the relief association and any bylaw amendments;

294.18 (3) a copy of the relief association's investment policy;

294.19 (4) a statement that a board of trustees has been duly elected and each trustee's name,  
294.20 address, telephone number, and e-mail address, if any;

294.21 (5) a copy of the most recent annual financial, investment, and plan administration report  
294.22 filed under section ~~69.051~~ 424A.014, unless the due date for the first report has not yet  
294.23 occurred; and

294.24 (6) a copy of the documentation indicating that a special fund has been established with  
294.25 a financial institution to receive a transfer of assets from the retirement plan.

294.26 (c) Upon receipt of the information and documents required under paragraph (b), the  
294.27 state auditor shall issue to the relief association and the executive director written  
294.28 confirmation of receipt of all required information and documents.

294.29 **EFFECTIVE DATE.** This section is effective July 1, 2019.

295.1 Sec. 9. Minnesota Statutes 2018, section 356.20, subdivision 4a, is amended to read:

295.2 Subd. 4a. **Financial report for police or firefighters relief association.** For any police  
295.3 or firefighter's firefighters relief association referred to in subdivision 2, clause (10) or (11),  
295.4 a financial report that is duly filed and that meets the requirements of section ~~69.051~~  
295.5 424A.014 is deemed to have met the requirements of subdivision 4.

295.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

295.7 Sec. 10. Minnesota Statutes 2018, section 356.219, subdivision 8, is amended to read:

295.8 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association  
295.9 and the volunteer firefighter relief associations, the information required under this section  
295.10 must be submitted by the due date for reports required under section ~~69.051, subdivision 1~~  
295.11 ~~or 1a~~ 424A.014, subdivision 1 or 2, as applicable. If a relief association satisfies the definition  
295.12 of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered  
295.13 by the report required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1  
295.14 or 2, as applicable, the chief administrative officer of the covered pension plan shall certify  
295.15 that compliance on a form prescribed by the state auditor. The state auditor shall transmit  
295.16 annually to the State Board of Investment a list or lists of covered pension plans which  
295.17 submitted certifications in order to facilitate reporting by the State Board of Investment  
295.18 under paragraph (c).

295.19 (b) For the St. Paul Teachers Retirement Fund Association and the University of  
295.20 Minnesota faculty supplemental retirement plan, the information required under this section  
295.21 must be submitted to the state auditor by June 1 of each year.

295.22 (c) The State Board of Investment, on behalf of pension funds specified in subdivision  
295.23 1, paragraph (c), shall report information required under this section by September 1 of each  
295.24 year.

295.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

295.26 Sec. 11. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

295.27 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall  
295.28 allocate the additional amortization state aid, if any, including any state aid in excess of the  
295.29 limitation in subdivision 4, on the following basis:

295.30 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with  
295.31 police and firefighter retirement coverage;

296.1 (2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer  
296.2 firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03,  
296.3 subdivision 5;

296.4 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police  
296.5 and firefighter retirement coverage;

296.6 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment  
296.7 performance requirement of paragraph (c) is met; and

296.8 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section  
296.9 353.665, subdivision 8, paragraph (d).

296.10 If there is no additional employer contribution under section 353.665, subdivision 8,  
296.11 paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the  
296.12 former Minneapolis Police Relief Association and the former Minneapolis Fire Department  
296.13 Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows:  
296.14 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers  
296.15 Retirement Fund Association, and 30 percent as additional funding to support minimum  
296.16 fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision~~  
296.17 ~~7, paragraph (d)~~ 477B.03, subdivision 5. If there is no employer contribution by the city of  
296.18 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire  
296.19 Department Relief Association certified on or before June 30 by the executive director of  
296.20 the Public Employees Retirement Association, the commissioner shall allocate that 1.3  
296.21 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent  
296.22 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding  
296.23 to support minimum fire state aid for volunteer firefighter relief associations under section  
296.24 ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5.

296.25 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

296.26 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the  
296.27 teacher's association five-year average time-weighted rate of investment return does not  
296.28 equal or exceed the performance of a composite portfolio assumed passively managed  
296.29 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt  
296.30 securities, and 30 percent in domestic stock calculated using the formula under section  
296.31 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until  
296.32 the five-year annual rate of investment return equals or exceeds the performance of that  
296.33 composite portfolio.



297.1 (d) The amounts required under this subdivision are the amounts annually appropriated  
297.2 to the commissioner of revenue under section ~~69.021, subdivision 11~~ 477B.03, subdivision  
297.3 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

297.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

297.5 Sec. 12. Minnesota Statutes 2018, section 423A.02, subdivision 3, is amended to read:

297.6 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference  
297.7 between \$5,720,000 and the current year amortization aid distributed under subdivision 1  
297.8 that is not distributed for any reason to a municipality must be distributed by the  
297.9 commissioner of revenue according to this paragraph. The commissioner shall distribute  
297.10 60 percent of the amounts derived under this paragraph to the Teachers Retirement  
297.11 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund  
297.12 the unfunded actuarial accrued liabilities of the respective funds. These payments must be  
297.13 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or  
297.14 the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this  
297.15 aid ceases. Amounts remaining in the undistributed balance account at the end of the  
297.16 biennium if aid eligibility ceases cancel to the general fund.

297.17 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
297.18 Independent School District No. 625, St. Paul, must make an additional contribution of  
297.19 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

297.20 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization  
297.21 aid under subdivision 1 that is not distributed for any reason to a municipality must be  
297.22 distributed under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5, as  
297.23 additional funding to support a minimum fire state aid amount for volunteer firefighter relief  
297.24 associations.

297.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

297.26 Sec. 13. Minnesota Statutes 2018, section 423A.022, subdivision 2, is amended to read:

297.27 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

297.28 (1) 58.064 percent must be paid to the executive director of the Public Employees  
297.29 Retirement Association for deposit in the public employees police and fire retirement fund  
297.30 established by section 353.65, subdivision 1;

297.31 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
297.32 employing firefighters with retirement coverage provided by the public employees police

298.1 and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated  
298.2 in proportion to the most recent amount of fire state aid paid under section ~~69.021~~,  
298.3 ~~subdivision 7~~ 477B.04, for the municipality bears to the most recent total fire state aid for  
298.4 all municipalities other than the municipalities solely employing firefighters with retirement  
298.5 coverage provided by the public employees police and fire retirement plan paid under section  
298.6 ~~69.021~~, ~~subdivision 7~~ 477B.04, with the allocated amount for fire departments participating  
298.7 in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the  
298.8 executive director of the Public Employees Retirement Association for deposit in the fund  
298.9 established by section 353G.02, subdivision 3, and credited to the respective account and  
298.10 with the balance paid to the treasurer of each municipality for transmittal within 30 days of  
298.11 receipt to the treasurer of the applicable volunteer firefighter relief association for deposit  
298.12 in its special fund; and

298.13 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement  
298.14 System for deposit in the state patrol retirement fund.

298.15 (b) For purposes of this section, the term "municipalities" includes independent nonprofit  
298.16 firefighting corporations that participate in the voluntary statewide lump-sum volunteer  
298.17 firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief  
298.18 associations operating under chapter 424A.

298.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

298.20 Sec. 14. Minnesota Statutes 2018, section 423A.022, subdivision 4, is amended to read:

298.21 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section must  
298.22 be made on October 1 each year, with interest at one percent for each month, or portion of  
298.23 a month, that the amount remains unpaid after October 1. Any necessary adjustments must  
298.24 be made to subsequent payments.

298.25 (b) The provisions of ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 that  
298.26 prevent municipalities and relief associations from being eligible for, or receiving fire state  
298.27 aid under ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 until the applicable  
298.28 financial reporting requirements have been complied with, apply to the amounts payable to  
298.29 municipalities and relief associations under this section.

298.30 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the references to  
298.31 Minnesota Statutes, chapter 477B, are effective for aids payable in 2020 and thereafter.

299.1 Sec. 15. Minnesota Statutes 2018, section 424A.016, subdivision 2, is amended to read:

299.2 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
299.3 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
299.4 special fund a defined contribution service pension to each of its members who:

299.5 (1) separates from active service with the fire department;

299.6 (2) reaches age 50;

299.7 (3) completes at least five years of active service as an active member of the fire  
299.8 department to which the relief association is associated;

299.9 (4) completes at least five years of active membership with the relief association before  
299.10 separation from active service; and

299.11 (5) complies with any additional conditions as to age, service, and membership that are  
299.12 prescribed by the bylaws of the relief association.

299.13 (b) In the case of a member who has completed at least five years of active service as  
299.14 an active member of the fire department to which the relief association is associated on the  
299.15 date that the relief association is established and incorporated, the requirement that the  
299.16 member complete at least five years of active membership with the relief association before  
299.17 separation from active service may be waived by the board of trustees of the relief association  
299.18 if the member completes at least five years of inactive membership with the relief association  
299.19 before the date of the payment of the service pension. During the period of inactive  
299.20 membership, the member is not entitled to receive any disability benefit coverage, is not  
299.21 entitled to receive additional individual account allocation of fire state aid or municipal  
299.22 contribution towards a service pension, and is considered to have the status of a person  
299.23 entitled to a deferred service pension.

299.24 (c) The service pension earned by a volunteer under this chapter and the articles of  
299.25 incorporation and bylaws of the relief association may be paid whether or not the municipality  
299.26 or independent nonprofit firefighting corporation to which the relief association is associated  
299.27 qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

299.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

299.29 Sec. 16. Minnesota Statutes 2018, section 424A.016, subdivision 4, is amended to read:

299.30 Subd. 4. **Individual accounts.** (a) An individual account must be established for each  
299.31 firefighter who is a member of the relief association.

299.32 (b) To each individual active member account must be credited an equal share of:

300.1 (1) any amounts of fire state aid and police and firefighter retirement supplemental state  
300.2 aid received by the relief association;

300.3 (2) any amounts of municipal contributions to the relief association raised from levies  
300.4 on real estate or from other available municipal revenue sources exclusive of fire state aid;  
300.5 and

300.6 (3) any amounts equal to the share of the assets of the special fund to the credit of:

300.7 (i) any former member who terminated active service with the fire department to which  
300.8 the relief association is associated before meeting the minimum service requirement provided  
300.9 for in subdivision 2, paragraph (b), and has not returned to active service with the fire  
300.10 department for a period no shorter than five years; or

300.11 (ii) any retired member who retired before obtaining a full nonforfeitable interest in the  
300.12 amounts credited to the individual member account under subdivision 2, paragraph (b), and  
300.13 any applicable provision of the bylaws of the relief association. In addition, any investment  
300.14 return on the assets of the special fund must be credited in proportion to the share of the  
300.15 assets of the special fund to the credit of each individual active member account.

300.16 Administrative expenses of the relief association payable from the special fund may be  
300.17 deducted from individual accounts in a manner specified in the bylaws of the relief  
300.18 association.

300.19 (c) If the bylaws so permit and as the bylaws define, the relief association may credit  
300.20 any investment return on the assets of the special fund to the accounts of inactive members.

300.21 (d) Amounts to be credited to individual accounts must be allocated uniformly for all  
300.22 years of active service and allocations must be made for all years of service, except for caps  
300.23 on service credit if so provided in the bylaws of the relief association. Amounts forfeited  
300.24 under paragraph (b), clause (3), before a resumption of active service and membership under  
300.25 section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the  
300.26 resumption of active service and membership. The allocation method may utilize monthly  
300.27 proration for fractional years of service, as the bylaws or articles of incorporation of the  
300.28 relief association so provide. The bylaws or articles of incorporation may define a "month,"  
300.29 but the definition must require a calendar month to have at least 16 days of active service.  
300.30 If the bylaws or articles of incorporation do not define a "month," a "month" is a completed  
300.31 calendar month of active service measured from the member's date of entry to the same date  
300.32 in the subsequent month.

300.33 (e) At the time of retirement under subdivision 2 and any applicable provision of the  
300.34 bylaws of the relief association, a retiring member is entitled to that portion of the assets of

301.1 the special fund to the credit of the member in the individual member account which is  
301.2 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
301.3 association based on the number of years of service to the credit of the retiring member.

301.4 (f) Annually, the secretary of the relief association shall certify the individual account  
301.5 allocations to the state auditor at the same time that the annual financial statement or financial  
301.6 report and audit of the relief association, whichever applies, is due under section ~~69.051~~  
301.7 424A.014.

301.8 **EFFECTIVE DATE.** This section is effective July 1, 2019.

301.9 Sec. 17. Minnesota Statutes 2018, section 424A.02, subdivision 1, is amended to read:

301.10 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles  
301.11 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined  
301.12 benefit service pension to each of its members who: (1) separates from active service with  
301.13 the fire department; (2) reaches age 50; (3) completes at least five years of active service  
301.14 as an active member of the fire department to which the relief association is associated; (4)  
301.15 completes at least five years of active membership with the relief association before  
301.16 separation from active service; and (5) complies with any additional conditions as to age,  
301.17 service, and membership that are prescribed by the bylaws of the relief association. A service  
301.18 pension computed under this section may be prorated monthly for fractional years of service  
301.19 as the bylaws or articles of incorporation of the relief association so provide. The bylaws  
301.20 or articles of incorporation may define a "month," but the definition must require a calendar  
301.21 month to have at least 16 days of active service. If the bylaws or articles of incorporation  
301.22 do not define a "month," a "month" is a completed calendar month of active service measured  
301.23 from the member's date of entry to the same date in the subsequent month. The service  
301.24 pension earned by a volunteer firefighter under this chapter and the articles of incorporation  
301.25 and bylaws of the volunteer firefighters relief association may be paid whether or not the  
301.26 municipality or independent nonprofit firefighting corporation to which the relief association  
301.27 is associated qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

301.28 (b) In the case of a member who has completed at least five years of active service as  
301.29 an active member of the fire department to which the relief association is associated on the  
301.30 date that the relief association is established and incorporated, the requirement that the  
301.31 member complete at least five years of active membership with the relief association before  
301.32 separation from active service may be waived by the board of trustees of the relief association  
301.33 if the member completes at least five years of inactive membership with the relief association  
301.34 before the date of the payment of the service pension. During the period of inactive

302.1 membership, the member is not entitled to receive disability benefit coverage, is not entitled  
302.2 to receive additional service credit towards computation of a service pension, and is  
302.3 considered to have the status of a person entitled to a deferred service pension under  
302.4 subdivision 7.

302.5 (c) No municipality, independent nonprofit firefighting corporation, or joint powers  
302.6 entity may delegate the power to take final action in setting a service pension or ancillary  
302.7 benefit amount or level to the board of trustees of the relief association or to approve in  
302.8 advance a service pension or ancillary benefit amount or level equal to the maximum amount  
302.9 or level that this chapter would allow rather than a specific dollar amount or level.

302.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

302.11 Sec. 18. Minnesota Statutes 2018, section 424A.02, subdivision 3a, is amended to read:

302.12 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a  
302.13 defined benefit relief association pays a service pension greater than the maximum service  
302.14 pension associated with the applicable average amount of available financing per active  
302.15 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,  
302.16 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum  
302.17 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the  
302.18 state auditor shall:

302.19 (1) disqualify the municipality or the independent nonprofit firefighting corporation  
302.20 associated with the relief association from receiving fire state aid by making the appropriate  
302.21 notification to the municipality and the commissioner of revenue, with the disqualification  
302.22 applicable for the next apportionment and payment of fire state aid; and

302.23 (2) order the treasurer of the applicable relief association to recover the amount of the  
302.24 overpaid service pension or pensions from any retired firefighter who received an  
302.25 overpayment.

302.26 (b) Fire state aid amounts from disqualified municipalities for the period of  
302.27 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire  
302.28 insurance premium tax proceeds available for the next subsequent fire state aid  
302.29 apportionment.

302.30 (c) The amount of any overpaid service pension recovered under paragraph (a), clause  
302.31 (2), must be credited to the amount of fire insurance premium tax proceeds available for  
302.32 the next subsequent fire state aid apportionment.

303.1 (d) The determination of the state auditor that a relief association has paid a service  
303.2 pension greater than the applicable maximum must be made on the basis of the information  
303.3 filed by the relief association and the municipality with the state auditor under ~~sections~~  
303.4 ~~69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies,~~ this chapter and  
303.5 any other relevant information that comes to the attention of the state auditor. The  
303.6 determination of the state auditor is final. An aggrieved municipality, relief association, or  
303.7 person may appeal the determination under section 480A.06.

303.8 (e) The state auditor may certify, upon learning that a relief association overpaid a service  
303.9 pension based on an error in the maximum service pension calculation, the municipality or  
303.10 independent nonprofit firefighting corporation associated with the relief association for fire  
303.11 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief  
303.12 association has initiated recovery of any overpayment amount. Notwithstanding paragraph  
303.13 (c), all overpayments recovered under this paragraph must be credited to the relief  
303.14 association's special fund.

303.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

303.16 Sec. 19. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

303.17 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined  
303.18 benefit relief association to which this section applies must file a revised copy of its governing  
303.19 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws  
303.20 by the relief association or upon the approval of any amendment to its governing bylaws  
303.21 granted by the governing body of each municipality served by the fire department to which  
303.22 the relief association is directly associated. Failure of the relief association to file a copy of  
303.23 the bylaws or any bylaw amendments with the state auditor disqualifies the municipality  
303.24 from the distribution of any future fire state aid until this filing requirement has been  
303.25 completed.

303.26 (b) If the special fund of the relief association does not have a surplus over full funding  
303.27 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision  
303.28 4, and if the municipality is required to provide financial support to the special fund of the  
303.29 relief association under section 424A.092 or 424A.093, no bylaw amendment which would  
303.30 affect the amount of, the manner of payment of, or the conditions for qualification for service  
303.31 pensions or ancillary benefits or disbursements other than administrative expenses authorized  
303.32 under section ~~69.80~~ 424A.05, subdivision 3b, payable from the special fund of the relief  
303.33 association is effective until it has been ratified as required under section 424A.092,  
303.34 subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has

304.1 a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, subdivision  
304.2 4, and if the municipality is not required to provide financial support to the special fund  
304.3 under this section, the relief association may adopt or amend without municipal ratification  
304.4 its articles of incorporation or bylaws which increase or otherwise affect the service pensions  
304.5 or ancillary benefits payable from the special fund if authorized under section 424A.092,  
304.6 subdivision 6, or 424A.093, subdivision 6.

304.7 (c) If the relief association pays only a lump-sum pension, the financial requirements  
304.8 are to be determined by the board of trustees following the preparation of an estimate of  
304.9 the expected increase in the accrued liability and annual accruing liability of the relief  
304.10 association attributable to the change. If the relief association pays a monthly benefit service  
304.11 pension, the financial requirements are to be determined by the board of trustees following  
304.12 either an updated actuarial valuation including the proposed change or an estimate of the  
304.13 expected actuarial impact of the proposed change prepared by the actuary of the relief  
304.14 association. If a relief association adopts or amends its articles of incorporation or bylaws  
304.15 without municipal ratification under this subdivision, and, subsequent to the amendment or  
304.16 adoption, the financial requirements of the special fund under this section are such so as to  
304.17 require financial support from the municipality, the provision which was implemented  
304.18 without municipal ratification is no longer effective without municipal ratification, and any  
304.19 service pensions or ancillary benefits payable after that date must be paid only in accordance  
304.20 with the articles of incorporation or bylaws as amended or adopted with municipal  
304.21 ratification.

304.22 **EFFECTIVE DATE.** This section is effective July 1, 2019.

304.23 Sec. 20. Minnesota Statutes 2018, section 424A.03, subdivision 2, is amended to read:

304.24 Subd. 2. **Penalties for violations.** A municipality which has a fire department associated  
304.25 with a relief association which violates the provisions of subdivision 1 is directly associated  
304.26 or which contracts with an independent nonprofit firefighting corporation associated with  
304.27 a relief association which violates the provisions of subdivision 1 is a subsidiary may not  
304.28 be included in the apportionment of fire state aid ~~to the applicable county auditor and police~~  
304.29 and firefighter retirement supplemental state aid payable under section 69.021, subdivision  
304.30 6, chapter 477B and section 423A.022 and may not be included in the apportionment of  
304.31 fire state aid ~~by the county auditor~~ to the various municipalities under section 69.021,  
304.32 ~~subdivision 7~~ 477B.03.

304.33 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.



305.1 Sec. 21. Minnesota Statutes 2018, section 424A.05, subdivision 2, is amended to read:

305.2 Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all  
305.3 fire state aid and police and firefighter retirement supplemental state aid received under  
305.4 ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022, all taxes levied by or other  
305.5 revenues received from the municipality under sections 424A.091 to 424A.096 or any  
305.6 applicable special law requiring municipal support for the relief association, any funds or  
305.7 property donated, given, granted or devised by any person which is specified for use for the  
305.8 support of the special fund and any interest or investment return earned upon the assets of  
305.9 the special fund. The treasurer of the relief association is the custodian of the assets of the  
305.10 special fund and must be the recipient on behalf of the special fund of all revenues payable  
305.11 to the special fund. The treasurer shall maintain adequate records documenting any  
305.12 transaction involving the assets or the revenues of the special fund. These records and the  
305.13 bylaws of the relief association are public and must be open for inspection by any member  
305.14 of the relief association, any officer or employee of the state or of the municipality, or any  
305.15 member of the public, at reasonable times and places.

305.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

305.17 Sec. 22. Minnesota Statutes 2018, section 424A.05, subdivision 3, is amended to read:

305.18 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the  
305.19 special fund may not be made for any purpose other than one of the following:

305.20 (1) for the payment of service pensions to retired members of the relief association if  
305.21 authorized and paid under law and the bylaws governing the relief association;

305.22 (2) for the purchase of an annuity for the applicable person under section 424A.015,  
305.23 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's  
305.24 individual retirement account under section 424A.015, subdivision 4, or to the applicable  
305.25 person's account in the Minnesota deferred compensation plan under section 424A.015,  
305.26 subdivision 5;

305.27 (3) for the payment of temporary or permanent disability benefits to disabled members  
305.28 of the relief association if authorized and paid under law and specified in amount in the  
305.29 bylaws governing the relief association;

305.30 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate  
305.31 of the deceased active or deferred firefighter, if authorized and paid under law and specified  
305.32 in amount in the bylaws governing the relief association;

306.1 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire  
306.2 Department Association and to the Minnesota State Fire Chiefs Association in order to  
306.3 entitle relief association members to membership in and the benefits of these associations  
306.4 or organizations;

306.5 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
306.6 Association, or an insurance company licensed by the state of Minnesota offering casualty  
306.7 insurance, in order to entitle relief association members to membership in and the benefits  
306.8 of the association or organization; and

306.9 (7) for the payment of administrative expenses of the relief association as authorized  
306.10 under ~~section 69.80~~ subdivision 3b.

306.11 (b) Checks or authorizations for electronic fund transfers for disbursements authorized  
306.12 by this section must be signed by the relief association treasurer and at least one other elected  
306.13 trustee who has been designated by the board of trustees to sign the checks or authorizations.  
306.14 A relief association may make disbursements authorized by this subdivision by electronic  
306.15 fund transfers only if the specific method of payment and internal control policies and  
306.16 procedures regarding the method are approved by the board of trustees.

306.17 **EFFECTIVE DATE.** This section is effective July 1, 2019.

306.18 Sec. 23. Minnesota Statutes 2018, section 424A.07, is amended to read:

306.19 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**  
306.20 **OF RELIEF ASSOCIATIONS.**

306.21 Before paying any service pensions or retirement benefits under section 424A.02 or  
306.22 before becoming entitled to receive any amounts of fire state aid upon transmittal from a  
306.23 contracting municipality under section ~~69.031, subdivision 5~~ 477B.04, subdivision 3, an  
306.24 independent nonprofit firefighting corporation shall establish a volunteer firefighters relief  
306.25 association governed by this chapter.

306.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

306.27 Sec. 24. Minnesota Statutes 2018, section 424A.091, subdivision 3, is amended to read:

306.28 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which  
306.29 there exists a firefighters relief association as specified in subdivision 1 which does not  
306.30 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions  
306.31 of any applicable special law relating to the funding or financing of the association does  
306.32 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under

307.1 ~~sections 69.011 to 69.051~~ chapter 477B until the reason for the disqualification specified  
307.2 by the state auditor is remedied, whereupon the municipality or relief association, if otherwise  
307.3 qualified, is entitled to again receive fire state aid for the year occurring immediately  
307.4 subsequent to the year in which the disqualification is remedied.

307.5 (b) The state auditor shall determine if a municipality to which a firefighters' relief  
307.6 association is directly associated or a firefighters relief association fails to comply with the  
307.7 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any  
307.8 applicable special law based upon the information contained in the annual financial report  
307.9 of the firefighters relief association required under section ~~69.051~~ 424A.014, the actuarial  
307.10 valuation of the relief association, if applicable, the relief association officers' financial  
307.11 requirements of the relief association and minimum municipal obligation determination  
307.12 documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4  
307.13 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable  
307.14 municipal or independent nonprofit firefighting corporation budget, if requested to be filed  
307.15 by the state auditor, and any other relevant documents or reports obtained by the state  
307.16 auditor.

307.17 (c) The municipality or independent nonprofit firefighting corporation and the associated  
307.18 relief association are not eligible to receive or to retain fire state aid if:

307.19 (1) the relief association fails to prepare or to file the financial report or financial  
307.20 statement under section ~~69.051~~ 424A.014;

307.21 (2) the relief association treasurer is not bonded in the manner and in the amount required  
307.22 by ~~section 69.051, subdivision 2~~ 424A.014, subdivision 4;

307.23 (3) the relief association officers fail to determine or improperly determine the accrued  
307.24 liability and the annual accruing liability of the relief association under section 424A.092,  
307.25 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

307.26 (4) if applicable, the relief association officers fail to obtain and file a required actuarial  
307.27 valuation or the officers file an actuarial valuation that does not contain the special fund  
307.28 actuarial liability calculated under the entry age normal actuarial cost method, the special  
307.29 fund current assets, the special fund unfunded actuarial accrued liability, the special fund  
307.30 normal cost under the entry age normal actuarial cost method, the amortization requirement  
307.31 for the special fund unfunded actuarial accrued liability by the applicable target date, a  
307.32 summary of the applicable benefit plan, a summary of the membership of the relief  
307.33 association, a summary of the actuarial assumptions used in preparing the valuation, and a

308.1 signed statement by the actuary attesting to its results and certifying to the qualifications of  
308.2 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

308.3 (5) the municipality failed to provide a municipal contribution, or the independent  
308.4 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount  
308.5 equal to the minimum municipal obligation if the relief association is governed under section  
308.6 424A.092, or the amount necessary, when added to the fire state aid actually received in  
308.7 the plan year in question, to at least equal in total the calculated annual financial requirements  
308.8 of the special fund of the relief association if the relief association is governed under section  
308.9 424A.093, and, if the municipal or corporate contribution is deficient, the municipality  
308.10 failed to include the minimum municipal obligation certified under section 424A.092,  
308.11 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent  
308.12 nonprofit firefighting corporation failed to include the minimum corporate obligation certified  
308.13 under section 424A.094, subdivision 2, in the corporate budget;

308.14 (6) the defined benefit relief association did not receive municipal ratification for the  
308.15 most recent plan amendment when municipal ratification was required under section 424A.02,  
308.16 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

308.17 (7) the relief association invested special fund assets in an investment security that is  
308.18 not authorized under section 424A.095;

308.19 (8) the relief association had an administrative expense that is not authorized under  
308.20 section ~~69.80~~ or 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that  
308.21 is not authorized under section 424A.08;

308.22 (9) the relief association officers fail to provide a complete and accurate public pension  
308.23 plan investment portfolio and performance disclosure under section 356.219;

308.24 (10) the relief association fails to obtain the acknowledgment from a broker of the  
308.25 statement of investment restrictions under section 356A.06, subdivision 8b;

308.26 (11) the relief association officers permitted to occur a prohibited transaction under  
308.27 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction  
308.28 of a prohibited transaction that did occur; or

308.29 (12) the relief association pays a defined benefit service pension in an amount that is in  
308.30 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

308.31 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to  
308.32 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

309.1 Sec. 25. Minnesota Statutes 2018, section 424A.092, subdivision 3, is amended to read:

309.2 Subd. 3. **Financial requirements of relief association; minimum obligation of**  
309.3 **municipality.** (a) During the month of July, the officers of the relief association shall  
309.4 determine the overall funding balance of the special fund for the current calendar year, the  
309.5 financial requirements of the special fund for the following calendar year and the minimum  
309.6 obligation of the municipality with respect to the special fund for the following calendar  
309.7 year in accordance with the requirements of this subdivision.

309.8 (b) The overall funding balance of the special fund for the current calendar year must  
309.9 be determined in the following manner:

309.10 (1) The total accrued liability of the special fund for all active and deferred members of  
309.11 the relief association as of December 31 of the current year must be calculated under  
309.12 subdivisions 2 and 2a, if applicable.

309.13 (2) The total present assets of the special fund projected to December 31 of the current  
309.14 year, including receipts by and disbursements from the special fund anticipated to occur on  
309.15 or before December 31, must be calculated. To the extent possible, for those assets for which  
309.16 a market value is readily ascertainable, the current market value as of the date of the  
309.17 calculation for those assets must be utilized in making this calculation. For any asset for  
309.18 which no market value is readily ascertainable, the cost value or the book value, whichever  
309.19 is applicable, must be utilized in making this calculation.

309.20 (3) The amount of the total present assets of the special fund calculated under clause (2)  
309.21 must be subtracted from the amount of the total accrued liability of the special fund calculated  
309.22 under clause (1). If the amount of total present assets exceeds the amount of the total accrued  
309.23 liability, then the special fund is considered to have a surplus over full funding. If the amount  
309.24 of the total present assets is less than the amount of the total accrued liability, then the  
309.25 special fund is considered to have a deficit from full funding. If the amount of total present  
309.26 assets is equal to the amount of the total accrued liability, then the special fund is considered  
309.27 to be fully funded.

309.28 (c) The financial requirements of the special fund for the following calendar year must  
309.29 be determined in the following manner:

309.30 (1) The total accrued liability of the special fund for all active and deferred members of  
309.31 the relief association as of December 31 of the calendar year next following the current  
309.32 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

310.1 (2) The increase in the total accrued liability of the special fund for the following calendar  
310.2 year over the total accrued liability of the special fund for the current year must be calculated.

310.3 (3) The amount of anticipated future administrative expenses of the special fund must  
310.4 be calculated by multiplying the dollar amount of the administrative expenses of the special  
310.5 fund for the most recent prior calendar year by the factor of 1.035.

310.6 (4) If the special fund is fully funded, the financial requirements of the special fund for  
310.7 the following calendar year are the total of the amounts calculated under clauses (2) and  
310.8 (3).

310.9 (5) If the special fund has a deficit from full funding, the financial requirements of the  
310.10 special fund for the following calendar year are the financial requirements of the special  
310.11 fund calculated as though the special fund were fully funded under clause (4) plus an amount  
310.12 equal to one-tenth of the original amount of the deficit from full funding of the special fund  
310.13 as determined under clause (2) resulting either from an increase in the amount of the service  
310.14 pension occurring in the last ten years or from a net annual investment loss occurring during  
310.15 the last ten years until each increase in the deficit from full funding is fully retired. The  
310.16 annual amortization contribution under this clause may not exceed the amount of the deficit  
310.17 from full funding.

310.18 (6) If the special fund has a surplus over full funding, the financial requirements of the  
310.19 special fund for the following calendar year are the financial requirements of the special  
310.20 fund calculated as though the special fund were fully funded under clause (4) reduced by  
310.21 an amount equal to one-tenth of the amount of the surplus over full funding of the special  
310.22 fund.

310.23 (d) The minimum obligation of the municipality with respect to the special fund is the  
310.24 financial requirements of the special fund reduced by the amount of any fire state aid and  
310.25 police and firefighter retirement supplemental state aid payable under ~~sections 69-011 to~~  
310.26 ~~69-051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the  
310.27 municipality for transmittal to the special fund during the following calendar year, an amount  
310.28 of interest on the assets of the special fund projected to the beginning of the following  
310.29 calendar year calculated at the rate of five percent per annum, and the amount of any  
310.30 contributions to the special fund required by the relief association bylaws from the active  
310.31 members of the relief association reasonably anticipated to be received during the following  
310.32 calendar year. A reasonable amount of anticipated fire state aid is an amount that does not  
310.33 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

310.34 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

311.1 Sec. 26. Minnesota Statutes 2018, section 424A.092, subdivision 4, is amended to read:

311.2 Subd. 4. **Certification of financial requirements and minimum municipal obligation;**  
311.3 **levy.** (a) The officers of the relief association shall certify the financial requirements of the  
311.4 special fund of the relief association and the minimum obligation of the municipality with  
311.5 respect to the special fund of the relief association as determined under subdivision 3 on or  
311.6 before August 1 of each year. The certification must be made to the entity that is responsible  
311.7 for satisfying the minimum obligation with respect to the special fund of the relief association.  
311.8 If the responsible entity is a joint powers entity, the certification must be made in the manner  
311.9 specified in the joint powers agreement, or if the joint powers agreement is silent on this  
311.10 point, the certification must be made to the chair of the joint powers board.

311.11 (b) The financial requirements of the relief association and the minimum municipal  
311.12 obligation must be included in the financial report or financial statement under section  
311.13 ~~69.051~~ 424A.014. The schedule forms related to the determination of the financial  
311.14 requirements must be filed with the state auditor by March 31, annually, if the relief  
311.15 association is required to file a financial statement under section ~~69.051, subdivision 1a~~  
311.16 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file  
311.17 a financial report and audit under section ~~69.051, subdivision 1~~ 424A.014, subdivision 1.

311.18 (c) The municipality shall provide for at least the minimum obligation of the municipality  
311.19 with respect to the special fund of the relief association by tax levy or from any other source  
311.20 of public revenue.

311.21 (d) The municipality may levy taxes for the payment of the minimum municipal obligation  
311.22 without any limitation as to rate or amount and irrespective of any limitations imposed by  
311.23 other provisions of law upon the rate or amount of taxation until the balance of the special  
311.24 fund or any fund of the relief association has attained a specified level. In addition, any  
311.25 taxes levied under this section must not cause the amount or rate of any other taxes levied  
311.26 in that year or to be levied in a subsequent year by the municipality which are subject to a  
311.27 limitation as to rate or amount to be reduced.

311.28 (e) If the municipality does not include the full amount of the minimum municipal  
311.29 obligations in its levy for any year, the officers of the relief association shall certify that  
311.30 amount to the county auditor, who shall spread a levy in the amount of the certified minimum  
311.31 municipal obligation on the taxable property of the municipality.

311.32 (f) If the state auditor determines that a municipal contribution actually made in a plan  
311.33 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
311.34 state auditor may request a copy of the certifications under this subdivision from the relief

312.1 association or from the city. The relief association or the city, whichever applies, must  
312.2 provide the certifications within 14 days of the date of the request from the state auditor.

312.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

312.4 Sec. 27. Minnesota Statutes 2018, section 424A.093, subdivision 5, is amended to read:

312.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall  
312.6 determine the minimum obligation of the municipality with respect to the special fund of  
312.7 the relief association for the following calendar year on or before August 1 of each year in  
312.8 accordance with the requirements of this subdivision.

312.9 (b) The minimum obligation of the municipality with respect to the special fund is an  
312.10 amount equal to the financial requirements of the special fund of the relief association  
312.11 determined under subdivision 4, reduced by the estimated amount of any fire state aid and  
312.12 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~  
312.13 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the  
312.14 municipality for transmittal to the special fund of the relief association during the following  
312.15 year and the amount of any anticipated contributions to the special fund required by the  
312.16 relief association bylaws from the active members of the relief association reasonably  
312.17 anticipated to be received during the following calendar year. A reasonable amount of  
312.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually received  
312.19 in the prior year multiplied by the factor 1.035.

312.20 (c) The officers of the relief association shall certify the financial requirements of the  
312.21 special fund of the relief association and the minimum obligation of the municipality with  
312.22 respect to the special fund of the relief association as determined under subdivision 4 and  
312.23 this subdivision by August 1 of each year. The certification must be made to the entity that  
312.24 is responsible for satisfying the minimum obligation with respect to the special fund of the  
312.25 relief association. If the responsible entity is a joint powers entity, the certification must be  
312.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement  
312.27 is silent on this point, the certification must be made to the chair of the joint powers board.

312.28 (d) The financial requirements of the relief association and the minimum municipal  
312.29 obligation must be included in the financial report or financial statement under section  
312.30 ~~69.051~~ 424A.014.

312.31 (e) The municipality shall provide for at least the minimum obligation of the municipality  
312.32 with respect to the special fund of the relief association by tax levy or from any other source  
312.33 of public revenue. The municipality may levy taxes for the payment of the minimum



313.1 municipal obligation without any limitation as to rate or amount and irrespective of any  
313.2 limitations imposed by other provisions of law or charter upon the rate or amount of taxation  
313.3 until the balance of the special fund or any fund of the relief association has attained a  
313.4 specified level. In addition, any taxes levied under this section must not cause the amount  
313.5 or rate of any other taxes levied in that year or to be levied in a subsequent year by the  
313.6 municipality which are subject to a limitation as to rate or amount to be reduced.

313.7 (f) If the municipality does not include the full amount of the minimum municipal  
313.8 obligation in its levy for any year, the officers of the relief association shall certify that  
313.9 amount to the county auditor, who shall spread a levy in the amount of the minimum  
313.10 municipal obligation on the taxable property of the municipality.

313.11 (g) If the state auditor determines that a municipal contribution actually made in a plan  
313.12 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
313.13 state auditor may request from the relief association or from the city a copy of the  
313.14 certifications under this subdivision. The relief association or the city, whichever applies,  
313.15 must provide the certifications within 14 days of the date of the request from the state auditor.

313.16 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to  
313.17 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

313.18 Sec. 28. Minnesota Statutes 2018, section 424B.09, is amended to read:

313.19 **424B.09 ADMINISTRATIVE EXPENSES.**

313.20 The payment of authorized administrative expenses of the subsequent volunteer  
313.21 firefighters relief association must be from the special fund of the subsequent volunteer  
313.22 firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b,  
313.23 and as provided for in the bylaws of the subsequent volunteer firefighters relief association  
313.24 and approved by the board of trustees of the subsequent volunteer firefighters relief  
313.25 association. The payment of any other expenses of the subsequent volunteer firefighters  
313.26 relief association must be from the general fund of the subsequent volunteer firefighters  
313.27 relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided  
313.28 for in the bylaws of the subsequent volunteer firefighters relief association and approved  
313.29 by the board of trustees of the subsequent volunteer firefighters relief association.

313.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

313.31 Sec. 29. **REPEALER.**

313.32 Minnesota Statutes 2018, section 69.022, is repealed.

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

314.2 **ARTICLE 21**

314.3 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

314.4 Section 1. Minnesota Statutes 2018, section 270B.08, subdivision 2, is amended to read:

314.5 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been  
 314.6 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose  
 314.7 to any person data identifying the holder of the revoked or canceled permit, ~~stating~~ the basis  
 314.8 for the revocation or cancellation, the date of the revocation or cancellation, and ~~stating~~  
 314.9 ~~whether the~~ if a revoked or canceled permit has been reinstated, the date upon which the  
 314.10 permit was reinstated.

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

314.12 Sec. 2. Minnesota Statutes 2018, section 297A.84, is amended to read:

314.13 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

314.14 Subdivision 1. **Definitions.** (a) The following definitions apply for the purposes of this  
 314.15 section.

314.16 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes  
 314.17 any officer of a corporation or member of a partnership.

314.18 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable  
 314.19 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been  
 314.20 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

314.21 Subd. 2. **Permits issued.** Except as provided in subdivision 3, the commissioner ~~shall~~  
 314.22 must issue a permit to each applicant who has complied with section 297A.83, and with  
 314.23 section 297A.92 if security is required. A person is considered to have a permit if the person  
 314.24 has a Minnesota tax identification number issued by the commissioner that is currently  
 314.25 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is  
 314.26 not assignable and is valid only for the person in whose name it is granted and for the  
 314.27 transaction of business at the places designated on the permit.

314.28 Subd. 3. **Permits not issued.** (a) Except as provided in paragraph (b), the commissioner  
 314.29 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

314.30 (b) The commissioner must issue a permit to an applicant if an appeal period of an order  
 314.31 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner

315.1 may cancel a permit issued under this paragraph in the manner provided in subdivision 4  
315.2 if the applicant owes delinquent sales tax after the appeal period has ended.

315.3 Subd. 4. **Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues  
315.4 a permit that does not conform with the requirements of this section or applicable rules, the  
315.5 commissioner may cancel the permit upon notice to the permit holder. The notice must be  
315.6 served by first class and certified mail at the permit holder's last known address. The  
315.7 cancellation is effective immediately.

315.8 (b) If a permit holder shows that a canceled permit was issued in conformance with the  
315.9 requirements of this section and applicable rules, the commissioner must reissue the permit.

315.10 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
315.11 December 31, 2019.

315.12 Sec. 3. Minnesota Statutes 2018, section 297A.85, is amended to read:

315.13 **297A.85 CANCELLATION OF PERMITS.**

315.14 The commissioner may cancel a permit if one of the following conditions occurs:

315.15 (1) the permit holder has not filed a sales or use tax return for at least one year;

315.16 (2) the permit holder has not reported any sales or use tax liability on the permit holder's  
315.17 returns for at least two years;

315.18 (3) the permit holder requests cancellation of the permit; ~~or~~

315.19 (4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision  
315.20 2, paragraph (a); or

315.21 (5) the permit is subject to cancellation under section 297A.84.

315.22 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
315.23 December 31, 2019.

315.24 Sec. 4. **REPEALER.**

315.25 Minnesota Statutes 2018, section 270C.131, is repealed.

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

316.1

**ARTICLE 22**

316.2

**DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES**

316.3

Section 1. Minnesota Statutes 2018, section 272.02, subdivision 27, is amended to read:

316.4

Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~**

316.5

**veterans with a disability.** Real and personal property is exempt if it is located in the

316.6

Superior National Forest, and owned or leased and operated by a nonprofit organization

316.7

that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue

316.8

Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a

316.9

disability and their families.

316.10

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

316.11

Sec. 2. Minnesota Statutes 2018, section 272.02, subdivision 81, is amended to read:

316.12

Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability.** Real

316.13

and personal property is exempt if it is located in a county in the metropolitan area with a

316.14

population of less than 500,000 according to the 2000 federal census, and owned or leased

316.15

and operated by a nonprofit organization, and primarily used to provide recreational

316.16

opportunities for ~~disabled~~ veterans with a disability and their families.

316.17

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

316.18

Sec. 3. Minnesota Statutes 2018, section 273.032, is amended to read:

316.19

**273.032 MARKET VALUE DEFINITION.**

316.20

(a) Unless otherwise provided, for the purpose of determining any property tax levy

316.21

limitation based on market value or any limit on net debt, the issuance of bonds, certificates

316.22

of indebtedness, or capital notes based on market value, any qualification to receive state

316.23

aid based on market value, or any state aid amount based on market value, the terms "market

316.24

value," "estimated market value," and "market valuation," whether equalized or unequalized,

316.25

mean the estimated market value of taxable property within the local unit of government

316.26

before any of the following or similar adjustments for:

316.27

(1) the market value exclusions under:

316.28

(i) section 273.11, subdivisions 14a and 14c (vacant platted land);

316.29

(ii) section 273.11, subdivision 16 (certain improvements to homestead property);

316.30

(iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

- 317.1 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- 317.2 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
- 317.3 family caregiver); or
- 317.4 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- 317.5 (2) the deferment of value under:
- 317.6 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- 317.7 (ii) the Aggregate Resource Preservation Law, section 273.1115;
- 317.8 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- 317.9 (iv) the rural preserves property tax program, section 273.114; or
- 317.10 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- 317.11 (3) the adjustments to tax capacity for:
- 317.12 (i) tax increment financing under sections 469.174 to 469.1794;
- 317.13 (ii) fiscal disparities under chapter 276A or 473F; or
- 317.14 (iii) powerline credit under section 273.425.
- 317.15 (b) Estimated market value under paragraph (a) also includes the market value of
- 317.16 tax-exempt property if the applicable law specifically provides that the limitation,
- 317.17 qualification, or aid calculation includes tax-exempt property.
- 317.18 (c) Unless otherwise provided, "market value," "estimated market value," and "market
- 317.19 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
- 317.20 to the estimated market value for the previous assessment year and for purposes of limits
- 317.21 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
- 317.22 estimated market value as last finally equalized.
- 317.23 (d) For purposes of a provision of a home rule charter or of any special law that is not
- 317.24 codified in the statutes and that imposes a levy limitation based on market value or any limit
- 317.25 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
- 317.26 value, the terms "market value," "taxable market value," and "market valuation," whether
- 317.27 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).
- 317.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

318.1 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 22, is amended to read:

318.2 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and  
318.3 (c), real estate which is residential and used for homestead purposes is class 1a. In the case  
318.4 of a duplex or triplex in which one of the units is used for homestead purposes, the entire  
318.5 property is deemed to be used for homestead purposes. The market value of class 1a property  
318.6 must be determined based upon the value of the house, garage, and land.

318.7 The first \$500,000 of market value of class 1a property has a net classification rate of  
318.8 one percent of its market value; and the market value of class 1a property that exceeds  
318.9 \$500,000 has a classification rate of 1.25 percent of its market value.

318.10 (b) Class 1b property includes homestead real estate or homestead manufactured homes  
318.11 used for the purposes of a homestead by:

318.12 (1) any person who is blind as defined in section 256D.35, or the ~~blind~~ person who is  
318.13 blind and the ~~blind person's~~ spouse of the person who is blind;

318.14 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with  
318.15 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

318.16 (3) the surviving spouse of a veteran who was permanently and totally disabled ~~veteran~~  
318.17 homesteading a property classified under this paragraph for taxes payable in 2008.

318.18 Property is classified and assessed under clause (2) only if the government agency or  
318.19 income-providing source certifies, upon the request of the homestead occupant, that the  
318.20 homestead occupant satisfies the disability requirements of this paragraph, and that the  
318.21 property is not eligible for the valuation exclusion under subdivision 34.

318.22 Property is classified and assessed under paragraph (b) only if the commissioner of  
318.23 revenue or the county assessor certifies that the homestead occupant satisfies the requirements  
318.24 of this paragraph.

318.25 Permanently and totally disabled for the purpose of this subdivision means a condition  
318.26 which is permanent in nature and totally incapacitates the person from working at an  
318.27 occupation which brings the person an income. The first \$50,000 market value of class 1b  
318.28 property has a net classification rate of .45 percent of its market value. The remaining market  
318.29 value of class 1b property is classified as class 1a or class 2a property, whichever is  
318.30 appropriate.

318.31 (c) Class 1c property is commercial use real and personal property that abuts public  
318.32 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
318.33 the Department of Natural Resources, and is devoted to temporary and seasonal residential

319.1 occupancy for recreational purposes but not devoted to commercial purposes for more than  
319.2 250 days in the year preceding the year of assessment, and that includes a portion used as  
319.3 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
319.4 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
319.5 resort, or a member of a limited liability company that owns the resort even if the title to  
319.6 the homestead is held by the corporation, partnership, or limited liability company. For  
319.7 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
319.8 if any portion of the property, excluding the portion used exclusively as a homestead, is  
319.9 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
319.10 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
319.11 condominium, townhouse, sleeping room, or individual camping site equipped with water  
319.12 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
319.13 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
319.14 or cross-country ski equipment; provide marina services, launch services, or guide services;  
319.15 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
319.16 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
319.17 for class 1c even though it may remain available for rent. A camping pad offered for rent  
319.18 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
319.19 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
319.20 the same owner owns two separate parcels that are located in the same township, and one  
319.21 of those properties is classified as a class 1c property and the other would be eligible to be  
319.22 classified as a class 1c property if it was used as the homestead of the owner, both properties  
319.23 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
319.24 deemed to be owned by the same owner if each of them is owned by a limited liability  
319.25 company, and both limited liability companies have the same membership. The portion of  
319.26 the property used as a homestead is class 1a property under paragraph (a). The remainder  
319.27 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
319.28 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
319.29 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
319.30 percent. Owners of real and personal property devoted to temporary and seasonal residential  
319.31 occupancy for recreation purposes in which all or a portion of the property was devoted to  
319.32 commercial purposes for not more than 250 days in the year preceding the year of assessment  
319.33 desiring classification as class 1c, must submit a declaration to the assessor designating the  
319.34 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
319.35 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
319.36 the land on which they are located must be designated as class 1c as otherwise provided.

320.1 The remainder of the cabins or units and a proportionate share of the land on which they  
320.2 are located must be designated as class 3a commercial. The owner of property desiring  
320.3 designation as class 1c property must provide guest registers or other records demonstrating  
320.4 that the units for which class 1c designation is sought were not occupied for more than 250  
320.5 days in the year preceding the assessment if so requested. The portion of a property operated  
320.6 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
320.7 other nonresidential facility operated on a commercial basis not directly related to temporary  
320.8 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

320.9 (d) Class 1d property includes structures that meet all of the following criteria:

320.10 (1) the structure is located on property that is classified as agricultural property under  
320.11 section 273.13, subdivision 23;

320.12 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
320.13 they work on that farm, and the occupants are not charged rent for the privilege of occupying  
320.14 the property, provided that use of the structure for storage of farm equipment and produce  
320.15 does not disqualify the property from classification under this paragraph;

320.16 (3) the structure meets all applicable health and safety requirements for the appropriate  
320.17 season; and

320.18 (4) the structure is not salable as residential property because it does not comply with  
320.19 local ordinances relating to location in relation to streets or roads.

320.20 The market value of class 1d property has the same classification rates as class 1a property  
320.21 under paragraph (a).

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

320.23 Sec. 5. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

320.24 Subd. 34. **Homestead of ~~disabled~~ veteran with a disability or family caregiver.** (a)

320.25 All or a portion of the market value of property owned by a veteran and serving as the  
320.26 veteran's homestead under this section is excluded in determining the property's taxable  
320.27 market value if the veteran has a service-connected disability of 70 percent or more as  
320.28 certified by the United States Department of Veterans Affairs. To qualify for exclusion  
320.29 under this subdivision, the veteran must have been honorably discharged from the United  
320.30 States armed forces, as indicated by United States Government Form DD214 or other official  
320.31 military discharge papers.



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

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

321.5 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under  
321.6 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the  
321.7 veteran the spouse holds the legal or beneficial title to the homestead and permanently  
321.8 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the  
321.9 current taxes payable year and for eight additional taxes payable years or until such time  
321.10 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever  
321.11 comes first. Qualification under this paragraph requires an application under paragraph (h),  
321.12 and a spouse must notify the assessor if there is a change in the spouse's marital status,  
321.13 ownership of the property, or use of the property as a permanent residence.

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

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

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

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

321.31 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
321.32 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.  
321.33 For an application received after July 1, the exclusion shall become effective for the following  
321.34 assessment year. Except as provided in paragraph (c), the owner of a property that has been

322.1 accepted for a valuation exclusion must notify the assessor if there is a change in ownership  
322.2 of the property or in the use of the property as a homestead.

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

322.5 (j) For purposes of this subdivision:

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

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

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

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

322.13 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
322.14 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
322.15 under paragraph (b), clause (2), for eight tax payable years or until the spouse remarries  
322.16 or sells, transfers, or otherwise disposes of the property if:

322.17 (1) the spouse files a first-time application within two years of the death of the service  
322.18 member or by June 1, 2019, whichever is later;

322.19 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
322.20 homestead and permanently resides there;

322.21 (3) the veteran met the honorable discharge requirements of paragraph (a); and

322.22 (4) the United States Department of Veterans Affairs certifies that:

322.23 (i) the veteran met the total (100 percent) and permanent disability requirement under  
322.24 paragraph (b), clause (2); or

322.25 (ii) the spouse has been awarded dependency and indemnity compensation.

322.26 (l) The purpose of this provision of law providing a level of homestead property tax  
322.27 relief for ~~gravely disabled~~ veterans with a disability, their primary family caregivers, and  
322.28 their surviving spouses is to help ease the burdens of war for those among our state's citizens  
322.29 who bear those burdens most heavily.

322.30 (m) By July 1, the county veterans service officer must certify the disability rating and  
322.31 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

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

323.2 Sec. 6. Minnesota Statutes 2018, section 289A.08, subdivision 6, is amended to read:

323.3 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married  
323.4 to each other must file a joint Minnesota income tax return if they filed a joint federal income  
323.5 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax  
323.6 returns, they must file separate Minnesota income tax returns. This election to file a joint  
323.7 or separate return must be changed if they change their election for federal purposes. In the  
323.8 event taxpayers desire to change their election, the change must be done in the manner and  
323.9 on the form prescribed by the commissioner.

323.10 The determination of whether an individual is married shall be made under the provisions  
323.11 of section 7703 of the Internal Revenue Code.

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

323.13 Sec. 7. Minnesota Statutes 2018, section 289A.25, subdivision 1, is amended to read:

323.14 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership  
323.15 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.  
323.16 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the  
323.17 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,  
323.18 and partnerships, the term estimated tax means the amount the taxpayer estimates is the  
323.19 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax  
323.20 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent  
323.21 person, the payments must be made by the individual's guardian. If joint payments on  
323.22 estimated tax are made but a joint return is not made for the taxable year, the estimated tax  
323.23 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or  
323.24 may be divided between them.

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

323.26 Sec. 8. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

323.27 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband~~  
323.28 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for  
323.29 relief from a liability attributable to an underpayment under section 6015(b) of the Internal  
323.30 Revenue Code is relieved of the state income tax liability on the underpayment.

324.1 (b) In the case of individuals who were ~~a husband and wife~~ married as determined in  
324.2 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their  
324.3 legal separation, or prior to the death of one of the individuals, for tax liabilities reported  
324.4 on a joint or combined return, the liability of each person is limited to the proportion of the  
324.5 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~  
324.6 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective  
324.7 only when the commissioner receives written notice of the marriage dissolution, legal  
324.8 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may  
324.9 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more  
324.10 than 60 days before receipt by the commissioner of the written notice.

324.11 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes  
324.12 reported on a return must be made within six years after the due date of the return. For  
324.13 calculation of separate liability for taxes assessed by the commissioner under section 289A.35  
324.14 or 289A.37, the request must be made within six years after the date of assessment. The  
324.15 commissioner is not required to calculate separate liability if the remaining unpaid liability  
324.16 for which recalculation is requested is \$100 or less.

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

324.18 Sec. 9. Minnesota Statutes 2018, section 289A.37, subdivision 6, is amended to read:

324.19 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return  
324.20 is filed by ~~a husband and wife~~ spouses, an order of assessment may be a single joint notice.  
324.21 If the commissioner has been notified by either spouse that that spouse's address has changed  
324.22 and if that spouse requests it, then, instead of the single joint notice mailed to the last known  
324.23 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be  
324.24 sent to the requesting spouse at the address designated by the requesting spouse. The other  
324.25 joint notice must be mailed to the other spouse at that spouse's last known address. An  
324.26 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the  
324.27 notice in the same period as if it had been mailed to that spouse at the correct address or if  
324.28 the spouse has failed to provide an address to the commissioner other than the last known  
324.29 address.

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

324.31 Sec. 10. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

324.32 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal  
324.33 taxable income of the individual's subtraction base amount. The excess of the subtraction

325.1 base amount over the taxable net income computed without regard to the subtraction for  
325.2 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,  
325.3 may be used to reduce the amount of a lump sum distribution subject to tax under section  
325.4 290.032.

325.5 (b)(1) The initial subtraction base amount equals

325.6 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

325.7 (ii) \$9,600 for a single taxpayer, and

325.8 (iii) \$6,000 for a married taxpayer filing a separate federal return.

325.9 (2) The qualified individual's initial subtraction base amount, then, must be reduced by  
325.10 the sum of nontaxable retirement and disability benefits and one-half of the amount of  
325.11 adjusted gross income in excess of the following thresholds:

325.12 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified  
325.13 individuals,

325.14 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one  
325.15 spouse is a qualified individual, and

325.16 (iii) \$9,000 for a married taxpayer filing a separate federal return.

325.17 (3) In the case of a qualified individual who is under the age of 65, the maximum amount  
325.18 of the subtraction base may not exceed the taxpayer's disability income.

325.19 (4) The resulting amount is the subtraction base amount.

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

325.21 Sec. 11. Minnesota Statutes 2018, section 290.0802, subdivision 3, is amended to read:

325.22 Subd. 3. **Restrictions; married couples.** Except in the case of a ~~husband and wife~~  
325.23 spouses who live apart at all times during the taxable year, if the taxpayer is married at the  
325.24 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers  
325.25 file joint federal and state income tax returns for the taxable year.

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

325.27 Sec. 12. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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

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

326.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
326.4 55(b)(2) of the Internal Revenue Code;

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

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

326.8 (ii) the medical expense deduction;

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

326.10 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

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

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

326.20 (5) to the extent not included in federal alternative minimum taxable income, the amount  
326.21 of interest income as provided by section 290.0131, subdivision 2; and

326.22 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

326.24 (i) interest income as defined in section 290.0132, subdivision 2;

326.25 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
326.26 3, to the extent included in federal alternative minimum taxable income;

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

327.1 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,  
327.2 subdivisions 7, 9 to 15, 17, 21, 24, and 26; and

327.3 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
327.4 paragraph (c).

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

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

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

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

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

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

327.16 Sec. 13. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

327.17 Subd. 3. **Income.** (a) "Income" means the sum of the following:

327.18 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

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

327.20 (i) all nontaxable income;

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

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

327.27 (iv) cash public assistance and relief;

327.28 (v) any pension or annuity (including railroad retirement benefits, all payments received  
327.29 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
327.30 which was not exclusively funded by the claimant or spouse, or which was funded exclusively

328.1 by the claimant or spouse and which funding payments were excluded from federal adjusted  
328.2 gross income in the years when the payments were made;

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

328.5 (vii) workers' compensation;

328.6 (viii) nontaxable strike benefits;

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

328.10 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
328.11 1986, as amended through December 31, 1995;

328.12 (xi) contributions made by the claimant to an individual retirement account, including  
328.13 a qualified voluntary employee contribution; simplified employee pension plan;  
328.14 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
328.15 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
328.16 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
328.17 the claimant and spouse;

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

328.20 (xiii) nontaxable scholarship or fellowship grants;

328.21 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

328.22 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
328.23 Code;

328.24 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
328.25 Code; and

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

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



329.1 (b) "Income" does not include:

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

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

329.6 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
329.7 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
329.8 the retirement base amount reduced by the amount of contributions excluded from federal  
329.9 adjusted gross income, but not less than zero;

329.10 (4) surplus food or other relief in kind supplied by a governmental agency;

329.11 (5) relief granted under this chapter;

329.12 (6) child support payments received under a temporary or final decree of dissolution or  
329.13 legal separation; or

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

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

329.18 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

329.19 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

329.20 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

329.21 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

329.22 (5) for the claimant's fifth dependent, the exemption amount; and

329.23 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age  
329.24 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,  
329.25 the exemption amount.

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

330.1 or Roth style retirement account or plan" means retirement plans under sections 401, 403,  
330.2 408, 408A, and 457 of the Internal Revenue Code.

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

330.4 Sec. 14. Minnesota Statutes 2018, section 290A.03, subdivision 4, is amended to read:

330.5 Subd. 4. **Household.** "Household" means a claimant and an individual related to the  
330.6 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

330.8 Sec. 15. Minnesota Statutes 2018, section 290A.03, subdivision 8, is amended to read:

330.9 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined  
330.10 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)  
330.11 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a  
330.12 resident of this state as provided in chapter 290 during the calendar year for which the claim  
330.13 for relief was filed.

330.14 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall  
330.15 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu  
330.16 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem  
330.17 taxes, are payable at some time during the calendar year covered by the claim.

330.18 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,  
330.19 long-term residential facility, or a facility that accepts housing support payments whose  
330.20 rent constituting property taxes is paid pursuant to the Supplemental Security Income  
330.21 program under title XVI of the Social Security Act, the Minnesota supplemental aid program  
330.22 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX  
330.23 of the Social Security Act, or the housing support program under chapter 256I.

330.24 If only a portion of the rent constituting property taxes is paid by these programs, the  
330.25 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant  
330.26 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as  
330.27 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income  
330.28 from the above sources other than vendor payments under the medical assistance program  
330.29 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),  
330.30 plus vendor payments under the medical assistance program, to determine the allowable  
330.31 refund pursuant to this chapter.

331.1 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,  
331.2 intermediate care facility, long-term residential facility, or facility for which the rent was  
331.3 paid for the claimant by the housing support program for only a portion of the calendar year  
331.4 covered by the claim, the claimant may compute rent constituting property taxes by  
331.5 disregarding the rent constituting property taxes from the nursing home or facility and use  
331.6 only that amount of rent constituting property taxes or property taxes payable relating to  
331.7 that portion of the year when the claimant was not in the facility. The claimant's household  
331.8 income is the income for the entire calendar year covered by the claim.

331.9 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota  
331.10 resident, the income and rental reflected in this computation shall be for the period of  
331.11 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at  
331.12 federal adjusted gross income cannot be utilized for this computation. When two individuals  
331.13 of a household are able to meet the qualifications for a claimant, they may determine among  
331.14 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred  
331.15 to the commissioner of revenue whose decision shall be final. If a homestead property owner  
331.16 was a part-year Minnesota resident, the income reflected in the computation made pursuant  
331.17 to section 290A.04 shall be for the entire calendar year, including income not assignable to  
331.18 Minnesota.

331.19 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~  
331.20 married to each other, the rent shall be deemed to be paid equally by each, and separate  
331.21 claims shall be filed by each. The income of each shall be each renter's household income  
331.22 for purposes of computing the amount of credit to be allowed.

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

331.24 Sec. 16. Minnesota Statutes 2018, section 290A.05, is amended to read:

331.25 **290A.05 COMBINED HOUSEHOLD INCOME.**

331.26 If a person occupies a homestead with another person ~~or persons~~ not related to the person  
331.27 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on  
331.28 contract, and has property tax payable with respect to the homestead, the household income  
331.29 of the claimant or claimants for the purpose of computing the refund allowed by section  
331.30 290A.04 shall include the total income received by the other persons residing in the  
331.31 homestead. For purposes of this section, "dependent" includes a parent of the claimant or  
331.32 spouse who lives in the claimant's homestead and does not have an ownership interest in  
331.33 the homestead. If a person occupies a homestead with another person or persons not related

332.1 to the person as ~~husband and wife~~ the person's spouse or as dependents, the property tax  
332.2 payable or rent constituting property tax shall be reduced as follows.

332.3 If the other person or persons are residing at the homestead under rental or lease  
332.4 agreement, the amount of property tax payable or rent constituting property tax shall be that  
332.5 portion not covered by the rental agreement.

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

332.7 Sec. 17. Minnesota Statutes 2018, section 290A.08, is amended to read:

332.8 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

332.9 Only one claimant per household per year is entitled to relief under this chapter. Payment  
332.10 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.  
332.11 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~  
332.12 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or  
332.13 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during  
332.14 the year may elect to file a joint claim which shall include each spouse's income, rent  
332.15 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who  
332.16 were married for the entire year and were domiciled in the same household for the entire  
332.17 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall  
332.18 not exceed the amount that one person could receive.

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

332.20 Sec. 18. Minnesota Statutes 2018, section 290A.09, is amended to read:

332.21 **290A.09 PROOF OF CLAIM.**

332.22 Every claimant shall supply to the commissioner of revenue, in support of the claim,  
332.23 proof of eligibility under this chapter, including but not limited to amount of rent paid or  
332.24 property taxes accrued, name and address of owner or managing agent of property rented,  
332.25 changes in homestead, household membership, household income, size and nature of property  
332.26 claimed as a homestead.

332.27 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the  
332.28 form and manner as the commissioner may prescribe. The department may require  
332.29 examination and certification by the claimant's physician or by a physician designated by  
332.30 the commissioner. The cost of any examination shall be borne by the claimant, unless the  
332.31 examination proves the disability, in which case the cost of the examination shall be borne  
332.32 by the commissioner.

333.1 A determination of disability of a claimant by the Social Security Administration under  
333.2 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

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

333.4 Sec. 19. Minnesota Statutes 2018, section 297A.61, subdivision 18, is amended to read:

333.5 Subd. 18. **Disabled Person with a disability.** "~~Disabled~~ Person with a disability" means  
333.6 an individual who has a permanent and total disability as defined in section 273.13,  
333.7 subdivision 22.

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

333.9 Sec. 20. Minnesota Statutes 2018, section 297A.67, subdivision 6, is amended to read:

333.10 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for  
333.11 and served exclusively to individuals who are 60 years of age or over and their spouses or  
333.12 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit  
333.13 organizations, or churches, or pursuant to any program funded in whole or in part through  
333.14 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or  
333.15 served, are exempt. Taxable food sold through vending machines is not exempt.

333.16 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children  
333.17 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than  
333.18 16 years of age and who are attending a child care or early childhood education program,  
333.19 are exempt if they are:

333.20 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,  
333.21 subdivision 4, and that primarily serves families with income of 250 percent or less of  
333.22 federal poverty guidelines; and

333.23 (2) prepared at the site of the child care facility.

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

333.25 Sec. 21. Minnesota Statutes 2018, section 297A.67, subdivision 12, is amended to read:

333.26 Subd. 12. **Parts and accessories used to make a motor vehicle ~~disabled~~ accessible**  
333.27 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to  
333.28 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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

334.1 Sec. 22. Minnesota Statutes 2018, section 297A.70, subdivision 3, is amended to read:

334.2 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales  
334.3 to or use by the specified governments and political subdivisions of the state are exempt:

334.4 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire  
334.5 apparatus to a political subdivision;

334.6 (2) machinery and equipment, except for motor vehicles, used directly for mixed  
334.7 municipal solid waste management services at a solid waste disposal facility as defined in  
334.8 section 115A.03, subdivision 10;

334.9 (3) chore and homemaking services to a political subdivision of the state to be provided  
334.10 to elderly individuals or ~~disabled individuals~~ persons with a disability;

334.11 (4) telephone services to the Office of MN.IT Services that are used to provide  
334.12 telecommunications services through the MN.IT services revolving fund;

334.13 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased  
334.14 or authorized by and for the use of an organized fire department, fire protection district, or  
334.15 fire company regularly charged with the responsibility of providing fire protection to the  
334.16 state or a political subdivision;

334.17 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma  
334.18 protection, if purchased by a law enforcement agency of the state or a political subdivision  
334.19 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

334.20 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles  
334.21 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt  
334.22 from taxation under section 473.448, or exempt from the motor vehicle sales tax under  
334.23 section 297B.03, clause (12);

334.24 (8) equipment designed to process, dewater, and recycle biosolids for wastewater  
334.25 treatment facilities of political subdivisions, and materials incidental to installation of that  
334.26 equipment;

334.27 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,  
334.28 trails, or firebreaks when purchased by an agency of the state or a political subdivision of  
334.29 the state;

334.30 (10) purchases by the Metropolitan Council or the Department of Transportation of  
334.31 vehicles and repair parts to equip operations provided for in section 174.90, including, but  
334.32 not limited to, the Northstar Corridor Rail project; and

335.1 (11) purchases of water used directly in providing public safety services by an organized  
335.2 fire department, fire protection district, or fire company regularly charged with the  
335.3 responsibility of providing fire protection to the state or a political subdivision.

335.4 (b) For purposes of this subdivision, "firefighters personal protective equipment" means  
335.5 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including  
335.6 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;  
335.7 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety  
335.8 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment  
335.9 required by the Occupational Safety and Health Administration.

335.10 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed  
335.11 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded  
335.12 in the manner provided in section 297A.75.

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

335.14 Sec. 23. Minnesota Statutes 2018, section 297A.70, subdivision 4, is amended to read:

335.15 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),  
335.16 to the following "nonprofit organizations" are exempt:

335.17 (1) a corporation, society, association, foundation, or institution organized and operated  
335.18 exclusively for charitable, religious, or educational purposes if the item purchased is used  
335.19 in the performance of charitable, religious, or educational functions;

335.20 (2) any senior citizen group or association of groups that:

335.21 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~  
335.22 ~~disabled~~ persons with a physical disability;

335.23 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit  
335.24 purposes, not including housing, no part of the net earnings of which inures to the benefit  
335.25 of any private shareholders; and

335.26 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

335.27 (3) an organization that qualifies for an exemption for memberships under subdivision  
335.28 12 if the item is purchased and used in the performance of the organization's mission.

335.29 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery  
335.30 owned by a religious organization.

335.31 (b) This exemption does not apply to the following sales:

336.1 (1) building, construction, or reconstruction materials purchased by a contractor or a  
336.2 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
336.3 maximum price covering both labor and materials for use in the construction, alteration, or  
336.4 repair of a building or facility;

336.5 (2) construction materials purchased by tax-exempt entities or their contractors to be  
336.6 used in constructing buildings or facilities that will not be used principally by the tax-exempt  
336.7 entities;

336.8 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
336.9 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,  
336.10 subdivision 2, except wine purchased by an established religious organization for sacramental  
336.11 purposes or as allowed under subdivision 9a; and

336.12 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as  
336.13 provided in paragraph (c).

336.14 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,  
336.15 subdivision 11, only if the vehicle is:

336.16 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
336.17 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
336.18 for carrying more than nine persons including the driver; and

336.19 (2) intended to be used primarily to transport tangible personal property or individuals,  
336.20 other than employees, to whom the organization provides service in performing its charitable,  
336.21 religious, or educational purpose.

336.22 (d) A limited liability company also qualifies for exemption under this subdivision if  
336.23 (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
336.24 purchased qualify for the exemption.

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

336.26 Sec. 24. Minnesota Statutes 2018, section 297A.70, subdivision 16, is amended to read:

336.27 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

336.28 (1) services primarily for children, adults accompanying children, or persons with  
336.29 ~~disabilities~~ a disability; or

336.30 (2) educational or religious activities;



337.1 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section  
337.2 501(c)(3) of the Internal Revenue Code.

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

337.4 Sec. 25. Minnesota Statutes 2018, section 297A.71, subdivision 22, is amended to read:

337.5 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**  
337.6 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed  
337.7 by, a nonprofit organization are exempt if:

337.8 (1) the materials and equipment are used or incorporated into modifying an existing  
337.9 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

337.10 (2) the materials and equipment used in the modification would qualify for an exemption  
337.11 under either subdivision 11 or 12 if made by the current owner of the residence.

337.12 For purposes of this subdivision, "nonprofit organization" means any nonprofit  
337.13 corporation, society, association, foundation, or institution organized and operated exclusively  
337.14 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from  
337.15 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

337.17 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

337.21 (1) building materials for an agricultural processing facility exempt under section  
337.22 297A.71, subdivision 13;

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

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

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

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

337.29 (6) materials and supplies for qualified low-income housing under section 297A.71,  
337.30 subdivision 23;

338.1 (7) materials, supplies, and equipment for municipal electric utility facilities under  
338.2 section 297A.71, subdivision 35;

338.3 (8) equipment and materials used for the generation, transmission, and distribution of  
338.4 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
338.5 37;

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

338.8 (10) materials, supplies, and equipment for construction or improvement of projects and  
338.9 facilities under section 297A.71, subdivision 40;

338.10 (11) materials, supplies, and equipment for construction, improvement, or expansion  
338.11 of:

338.12 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
338.13 section 297A.71, subdivision 42;

338.14 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
338.15 45;

338.16 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
338.17 297A.71, subdivision 46; and

338.18 (iv) an industrial measurement manufacturing and controls facility exempt under  
338.19 Minnesota Statutes 2014, section 297A.71, subdivision 47;

338.20 (12) enterprise information technology equipment and computer software for use in a  
338.21 qualified data center exempt under section 297A.68, subdivision 42;

338.22 (13) materials, supplies, and equipment for qualifying capital projects under section  
338.23 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

338.24 (14) items purchased for use in providing critical access dental services exempt under  
338.25 section 297A.70, subdivision 7, paragraph (c);

338.26 (15) items and services purchased under a business subsidy agreement for use or  
338.27 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
338.28 44;

338.29 (16) building materials, equipment, and supplies for constructing or replacing real  
338.30 property exempt under section 297A.71, subdivision 49; and

339.1 (17) building materials, equipment, and supplies for constructing or replacing real  
339.2 property exempt under section 297A.71, subdivision 50, paragraph (b).

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

339.4 Sec. 27. Minnesota Statutes 2018, section 297B.01, subdivision 14, is amended to read:

339.5 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in  
339.6 money for a sale, whether paid in money or otherwise. The purchase price excludes the  
339.7 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is  
339.8 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,  
339.9 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted  
339.10 from the total selling price to establish the purchase price of the vehicle being sold and the  
339.11 trade-in allowance allowed by the seller shall constitute the purchase price of the motor  
339.12 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle  
339.13 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall  
339.14 also include the average value of similar motor vehicles, established by standards and guides  
339.15 as determined by the motor vehicle registrar. The purchase price in those instances where  
339.16 a motor vehicle is manufactured by a person who registers it under the laws of this state  
339.17 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean  
339.18 the amount expended for materials, labor, and other properly allocable costs of manufacture,  
339.19 except that in the absence of actual expenditures for the manufacture of a part or all of the  
339.20 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor  
339.21 vehicle.

339.22 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle  
339.23 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to  
339.24 persons with a disability.

339.25 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way  
339.26 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization  
339.27 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer  
339.28 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the  
339.29 title to such vehicle was registered in the name of the guardian, as guardian, only because  
339.30 the ward was a minor.

339.31 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift  
339.32 between a foster parent and foster child. For purposes of this subdivision, a foster relationship  
339.33 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as

340.1 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the  
340.2 county verifies that the child was a state ward or in permanent foster care.

340.3 (e) There shall not be included in "purchase price" the amount of any tax imposed by  
340.4 the United States upon or with respect to retail sales whether imposed upon the retailer or  
340.5 the consumer.

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

340.7 Sec. 28. Minnesota Statutes 2018, section 297B.01, subdivision 16, is amended to read:

340.8 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"  
340.9 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor  
340.10 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange  
340.11 or barter for any purpose other than resale in the regular course of business.

340.12 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or  
340.13 by holding it in an effort to so lease it, and which is put to no other use by the owner other  
340.14 than resale after such lease or effort to lease, shall be considered property purchased for  
340.15 resale.

340.16 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by  
340.17 other means, for or without consideration, except that these terms shall not include:

340.18 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or  
340.19 transfer-on-death of title by, a decedent who owned it;

340.20 (2) the transfer of a motor vehicle which was previously licensed in the names of two  
340.21 or more joint tenants and subsequently transferred without monetary consideration to one  
340.22 or more of the joint tenants;

340.23 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer  
340.24 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with  
340.25 no monetary or other consideration or expectation of consideration and the parties to the  
340.26 transfer submit an affidavit to that effect at the time the title transfer is recorded;

340.27 (4) the transfer of a motor vehicle by gift between:

340.28 (i) spouses;

340.29 (ii) parents and a child; or

340.30 (iii) grandparents and a grandchild;

341.1 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife  
341.2 spouses in a divorce proceeding; or

341.3 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from  
341.4 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the  
341.5 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

341.7 Sec. 29. Minnesota Statutes 2018, section 298.018, subdivision 1, is amended to read:

341.8 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under  
341.9 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the  
341.10 taconite assistance area defined in section 273.1341, shall be allocated as follows:

341.11 (1) five percent to the city or town within which the minerals or energy resources are  
341.12 mined or extracted, or within which the concentrate was produced. If the mining and  
341.13 concentration, or different steps in either process, are carried on in more than one taxing  
341.14 district, the commissioner shall apportion equitably the proceeds among the cities and towns  
341.15 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,  
341.16 and the remainder to the concentrating plant and to the processes of concentration, and with  
341.17 respect to each thereof giving due consideration to the relative extent of the respective  
341.18 operations performed in each taxing district;

341.19 (2) ten percent to the taconite municipal aid account to be distributed as provided in  
341.20 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

341.21 (3) ten percent to the school district within which the minerals or energy resources are  
341.22 mined or extracted, or within which the concentrate was produced. If the mining and  
341.23 concentration, or different steps in either process, are carried on in more than one school  
341.24 district, distribution among the school districts must be based on the apportionment formula  
341.25 prescribed in clause (1);

341.26 (4) 20 percent to a group of school districts comprised of those school districts wherein  
341.27 the mineral or energy resource was mined or extracted or in which there is a qualifying  
341.28 municipality as defined by section 273.134, paragraph (b), in direct proportion to school  
341.29 district indexes as follows: for each school district, its pupil units determined under section  
341.30 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted  
341.31 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated  
341.32 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution  
341.33 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that

342.1 portion of the distribution which its index bears to the sum of the indices for all school  
342.2 districts that receive the distributions;

342.3 (5) 20 percent to the county within which the minerals or energy resources are mined  
342.4 or extracted, or within which the concentrate was produced. If the mining and concentration,  
342.5 or different steps in either process, are carried on in more than one county, distribution  
342.6 among the counties must be based on the apportionment formula prescribed in clause (1),  
342.7 provided that any county receiving distributions under this clause shall pay one percent of  
342.8 its proceeds to the Range Association of Municipalities and Schools;

342.9 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed  
342.10 as provided in sections 273.134 to 273.136;

342.11 (7) five percent to the commissioner of Iron Range resources and rehabilitation for the  
342.12 purposes of section 298.22;

342.13 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

342.14 (9) seven percent to the taconite environmental protection fund.

342.15 ~~The proceeds of the tax shall be distributed on July 15 each year.~~

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

342.17 Sec. 30. Minnesota Statutes 2018, section 298.018, is amended by adding a subdivision  
342.18 to read:

342.19 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall  
342.20 be distributed on December 15 each year. Any payment of proceeds received after December  
342.21 15 shall be distributed on the next net proceeds tax distribution date.

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

342.23 Sec. 31. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

342.24 Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount  
342.25 deposited with the county as provided in section 298.28, subdivision 3, must be distributed  
342.26 as provided by this section among: (1) the municipalities comprising a taconite assistance  
342.27 area under section 273.1341; (2) a township that contains a state park consisting primarily  
342.28 of an underground iron ore mine; and (3) a city located within five miles of that state park,  
342.29 each being referred to in this section as a qualifying municipality.

342.30 (b) The amount deposited in the state general fund as provided in section 298.018,  
342.31 subdivision 1, must be distributed in the same manner as provided under paragraph (a)

343.1 except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the  
 343.2 dates provided under section 298.018, subdivision 1a.

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

343.4 Sec. 32. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,  
 343.5 is amended to read:

343.6 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after  
 343.7 June 30, 2017, for which notices of entry of order are mailed before July 1, 2019, and (2)  
 343.8 notices of entry of order mailed after June 30, 2019.

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

343.10 Delete the title and insert:

343.11 "A bill for an act

343.12 relating to financing and operation of state and local government; providing  
 343.13 conformity and nonconformity to certain federal tax law changes; modifying  
 343.14 individual income and corporate franchise taxes, estate taxes, sales and use taxes,  
 343.15 special and excise taxes, property taxes, local government aids, provisions related  
 343.16 to local taxes, tax increment financing, and public finance, and other miscellaneous  
 343.17 taxes and tax provisions; modifying indexing provisions; changing the starting  
 343.18 point for state individual income tax calculation from federal taxable income to  
 343.19 federal adjusted gross income; providing for various individual and corporate  
 343.20 additions and subtractions to income; modifying certain allowances and adjustments  
 343.21 to income; modifying individual income tax brackets; modifying certain income  
 343.22 tax credits; modifying and allowing certain construction exemptions and other  
 343.23 sales and purchases from sales and use taxes; modifying rates and definitions for  
 343.24 certain tobacco and cigarette taxes; modifying rates and deposits for solid waste  
 343.25 taxes; modifying provisions relating to property tax records and information;  
 343.26 modifying certain property tax timelines; establishing property tax exemptions;  
 343.27 allowing tax deferral for elderly living facilities; modifying homestead provisions;  
 343.28 modifying state general levy; modifying local government and county aid;  
 343.29 modifying approval requirements for certain local sales taxes; modifying and  
 343.30 authorizing certain local sales taxes; authorizing Metropolitan Council bonds;  
 343.31 requiring reports; appropriating money; amending Minnesota Statutes 2018, sections  
 343.32 6.495, subdivision 3; 37.31, subdivision 1; 38.27, by adding a subdivision;  
 343.33 103E.611, subdivision 2; 116J.8737, subdivisions 1, 2, 3, 4, 5, 6, 12; 123B.595,  
 343.34 subdivision 5; 138.053; 144E.42, subdivision 2; 161.14, by adding a subdivision;  
 343.35 162.145, subdivision 3; 197.603, subdivision 2; 270A.03, subdivision 5; 270B.08,  
 343.36 subdivision 2; 270C.21; 270C.445, subdivision 6; 270C.85, subdivision 2; 270C.89,  
 343.37 subdivisions 1, 2; 270C.91; 272.02, subdivisions 27, 49, 81, by adding subdivisions;  
 343.38 272.115, subdivision 1; 273.032; 273.061, subdivision 9; 273.0755; 273.113,  
 343.39 subdivision 3; 273.119, subdivision 2; 273.1231, subdivision 3; 273.124,  
 343.40 subdivisions 3a, 13, 14, 21, by adding a subdivision; 273.1245, subdivision 2;  
 343.41 273.13, subdivisions 22, 23, 34, 35; 273.136, subdivision 2; 273.1384, subdivisions  
 343.42 2, 3; 273.1385, subdivision 4; 273.1387, subdivisions 2, 3; 273.18; 274.14; 274.16;  
 343.43 275.025, subdivision 1; 282.01, subdivision 6; 287.21, subdivision 1; 289A.08,  
 343.44 subdivisions 1, 6, 7, by adding a subdivision; 289A.10, subdivision 1; 289A.11,  
 343.45 by adding a subdivision; 289A.20, subdivision 4, by adding a subdivision; 289A.25,  
 343.46 subdivision 1; 289A.31, subdivisions 1, 2; 289A.37, subdivisions 2, 6; 289A.38,  
 343.47 subdivisions 7, 10; 289A.42; 289A.60, subdivisions 15, 24, 29; 290.01, subdivisions  
 343.48 4a, 29a, 31, by adding subdivisions; 290.0131, subdivisions 1, 3, by adding

344.1 subdivisions; 290.0132, subdivisions 1, 7, 19, 20, 26, by adding subdivisions;  
 344.2 290.0133, subdivision 6; 290.0134, by adding subdivisions; 290.0137; 290.032,  
 344.3 subdivision 2; 290.05, subdivisions 1, 3; 290.06, subdivisions 2c, 2d, 2h; 290.067,  
 344.4 subdivision 2b; 290.0671, subdivisions 1, 7; 290.0672, subdivision 2; 290.0675,  
 344.5 subdivision 1; 290.0677, subdivision 1a; 290.0682, subdivisions 1, 2; 290.0684,  
 344.6 subdivision 2; 290.0685, subdivision 1, by adding a subdivision; 290.0802,  
 344.7 subdivisions 2, 3; 290.091, subdivisions 2, 3; 290.0921, subdivisions 2, 3; 290.0922,  
 344.8 subdivision 1; 290.095, subdivision 2; 290.17, subdivision 4, by adding  
 344.9 subdivisions; 290.191, subdivision 5; 290.21, subdivision 4, by adding a  
 344.10 subdivision; 290.31, subdivision 1; 290.92, subdivisions 1, 28; 290A.03,  
 344.11 subdivisions 3, 4, 8, 12, 13; 290A.04, subdivisions 2, 2a, 4; 290A.05; 290A.08;  
 344.12 290A.09; 290A.19; 290B.04, subdivision 1; 290B.09, subdivision 1; 291.016,  
 344.13 subdivision 3; 295.50, subdivisions 3, 4, 9b, 14, 15, by adding subdivisions; 295.53,  
 344.14 subdivision 1; 295.57, subdivision 5; 295.582, subdivision 1; 295.75, subdivision  
 344.15 4; 296A.03, subdivision 3; 296A.13; 297A.61, subdivision 18; 297A.66,  
 344.16 subdivisions 1, 2, 3; 297A.67, subdivisions 6, 12, by adding a subdivision; 297A.68,  
 344.17 subdivisions 17, 25, 29, 42, 44, by adding a subdivision; 297A.70, subdivisions  
 344.18 3, 4, 10, 16, 20, by adding subdivisions; 297A.71, subdivisions 22, 45, 50, by  
 344.19 adding subdivisions; 297A.75, subdivisions 1, 2; 297A.77, by adding a subdivision;  
 344.20 297A.83, subdivision 1; 297A.84; 297A.85; 297A.99, subdivisions 1, 2, 3, by  
 344.21 adding a subdivision; 297A.993, subdivision 1; 297B.01, subdivisions 14, 16;  
 344.22 297B.03; 297F.01, subdivisions 19, 23, by adding a subdivision; 297F.05, by  
 344.23 adding a subdivision; 297F.08, subdivisions 8, 9; 297F.09, subdivision 10; 297F.17,  
 344.24 subdivision 6; 297G.07, subdivision 1; 297G.09, subdivision 9; 297G.16,  
 344.25 subdivision 7; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04,  
 344.26 subdivision 2; 297H.05; 297H.13, subdivision 2; 297I.20, subdivision 3; 298.018,  
 344.27 subdivision 1, by adding a subdivision; 298.225, subdivision 1; 298.28, subdivision  
 344.28 3; 298.282, subdivision 1; 353G.01, subdivision 9; 353G.05, subdivision 2;  
 344.29 353G.08, subdivisions 1, 1a; 353G.17, subdivision 2; 356.20, subdivision 4a;  
 344.30 356.219, subdivision 8; 423A.02, subdivisions 1b, 3; 423A.022, subdivisions 2,  
 344.31 4; 424A.016, subdivisions 2, 4; 424A.02, subdivisions 1, 3a, 10; 424A.03,  
 344.32 subdivision 2; 424A.05, subdivisions 2, 3, by adding a subdivision; 424A.07;  
 344.33 424A.091, subdivision 3; 424A.092, subdivisions 3, 4; 424A.093, subdivision 5;  
 344.34 424B.09; 462D.03, subdivision 2; 469.169, by adding a subdivision; 469.171,  
 344.35 subdivision 4; 469.177, subdivision 1; 469.316, subdivision 1; 469.319, subdivision  
 344.36 4; 471.831; 473.39, subdivision 6, by adding a subdivision; 473H.08, subdivisions  
 344.37 1, 4, by adding a subdivision; 475.521, subdivision 1; 477A.011, subdivision 45;  
 344.38 477A.013, subdivision 13; 477A.03, subdivisions 2a, 2b; Minnesota Statutes 2019  
 344.39 Supplement, sections 289A.02, subdivision 7; 289A.12, subdivision 14; 289A.35;  
 344.40 290.01, subdivision 19; 290.0131, subdivision 10; 290.0132, subdivision 21;  
 344.41 290.0133, subdivision 12; 290.0672, subdivision 1; 290.0684, subdivision 1;  
 344.42 290.091, subdivision 2; 290.17, subdivision 2; 290A.03, subdivision 15; 291.005,  
 344.43 subdivision 1; 462D.06, subdivisions 1, 2; Laws 1980, chapter 511, section 1,  
 344.44 subdivision 1; Laws 1986, chapter 396, section 5, as amended; Laws 1986, chapter  
 344.45 462, section 31, as amended; Laws 1994, chapter 587, article 9, section 11; Laws  
 344.46 1998, chapter 389, article 8, section 45, subdivisions 1, 3, as amended, 4, 5; Laws  
 344.47 2008, chapter 366, article 5, sections 26, as amended; 33, as amended; Laws 2009,  
 344.48 chapter 88, article 2, section 46, subdivisions 1, as amended, 2, 3, as amended, 4,  
 344.49 5; Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3;  
 344.50 Laws 2014, chapter 308, article 6, section 8, subdivisions 1, as amended, 3; Laws  
 344.51 2017, First Special Session chapter 1, article 3, sections 26; 32; article 8, section  
 344.52 3; article 10, section 4; proposing coding for new law in Minnesota Statutes,  
 344.53 chapters 16A; 270C; 272; 273; 289A; 290; 290A; 297H; 297I; 424A; proposing  
 344.54 coding for new law as Minnesota Statutes, chapters 477B; 477C; repealing  
 344.55 Minnesota Statutes 2018, sections 37.31, subdivision 8; 69.011, subdivisions 1,  
 344.56 2, 2b, 2c, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.022; 69.031,  
 344.57 subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.80;  
 344.58 270C.131; 275.29; 289A.38, subdivisions 7, 8, 9; 290.0131, subdivisions 7, 11,



345.1 12, 13; 290.0132, subdivision 8; 290.0133, subdivisions 13, 14; 290.10, subdivision  
345.2 2; 296A.03, subdivision 5; 296A.04, subdivision 2; 296A.05, subdivision 2;  
345.3 297A.66, subdivision 4b; 297F.08, subdivision 5; 297I.25, subdivision 2; Minnesota  
345.4 Rules, part 8125.0410, subpart 1."