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A bill for an act

1.2 relating to taxation; modifying individual income and corporate franchise taxes,
1.3 sales taxes, property taxes, local government aids, and other miscellaneous taxes
1.4 and tax provisions; proposing certain federal conformity for individual income
1.5 and corporate franchise taxes; modifying and expanding certain income tax credits;
1.6 proposing new sales tax construction exemptions for certain entities; modifying
1.7 eligibility for certain property tax programs; proposing public safety aid and soil
1.8 and water conservation district aid for local governments; proposing onetime direct
1.9 payments to taxpayers; appropriating money; amending Minnesota Statutes 2020,
1.10 sections 273.124, subdivisions 6, 13a, 13c, 13d; 273.1245, subdivision 1; 273.1315,
1.11 subdivision 2; 289A.02, subdivision 7; 290.0123, subdivision 3; 290.0131, by
1.12 adding subdivisions; 290.0132, subdivision 18, by adding subdivisions; 290.0133,
1.13 by adding subdivisions; 290.0134, by adding subdivisions; 290.067, subdivisions
1.14 1, 2b, by adding a subdivision; 290.0671, subdivision 1a; 290.0674, subdivisions
1.15 2, 2a, by adding a subdivision; 290.0675, subdivision 1; 290.091, subdivision 2;
1.16 290.095, subdivision 11; 290A.03, subdivision 15; 290B.03, subdivision 1;
1.17 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.005, subdivision 1;
1.18 297A.71, by adding a subdivision; Minnesota Statutes 2021 Supplement, sections
1.19 116J.8737, subdivisions 5, 12; 273.124, subdivisions 13, 14; 273.13, subdivision
1.20 23; 289A.08, subdivision 7; 290.01, subdivisions 19, 31; 290.06, subdivision 2c;
1.21 290.0671, subdivision 1; 290.993; 297A.75, subdivisions 1, 2, 3; Laws 2021, First
1.22 Special Session chapter 1, article 2, section 6; proposing coding for new law in
1.23 Minnesota Statutes, chapter 477A.

1.24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.25

ARTICLE 1

1.26

FEDERAL UPDATE

1.27 Section 1. Minnesota Statutes 2020, section 289A.02, subdivision 7, is amended to read:

1.28 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
1.29 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
1.30 31, 2018 November 15, 2021.

2.1 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
2.2 the changes incorporated by federal changes are effective retroactively at the same time the
2.3 changes were effective for federal purposes, but are subject to the application of Minnesota
2.4 Statutes, section 290.993, subdivision 2.

2.5 Sec. 2. Minnesota Statutes 2021 Supplement, section 289A.08, subdivision 7, is amended
2.6 to read:

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

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

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

2.21 (d) The electing partner must not have any Minnesota source income other than the
2.22 income from the partnership, other electing partnerships, and other qualifying entities
2.23 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined
2.24 that the electing partner has other Minnesota source income, the inclusion of the income
2.25 and tax liability for that partner under this provision will not constitute a return to satisfy
2.26 the requirements of subdivision 1. The tax paid for the individual as part of the composite
2.27 return is allowed as a payment of the tax by the individual on the date on which the composite
2.28 return payment was made. If the electing nonresident partner has no other Minnesota source
2.29 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

3.16 (j) For the purposes of this subdivision, "income" means the partner's share of federal
3.17 adjusted gross income from the partnership modified by the additions provided in section
3.18 290.0131, subdivisions 8 to 10, 16, ~~and~~ 17, 19, and 20, and the subtractions provided in:
3.19 (1) section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or
3.20 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14, 31,
3.21 and 32. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on
3.22 the composite tax computation to the extent the electing partner would have been allowed
3.23 the subtraction.

3.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.25 31, 2021.

3.26 Sec. 3. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 19, is amended
3.27 to read:

3.28 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a
3.29 corporation taxable under section 290.02, the term "net income" means the federal taxable
3.30 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through
3.31 the date named in this subdivision, incorporating the federal effective dates of changes to
3.32 the Internal Revenue Code and any elections made by the taxpayer in accordance with the

4.1 Internal Revenue Code in determining federal taxable income for federal income tax
4.2 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

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

4.5 (c) In the case of a regulated investment company or a fund thereof, as defined in section
4.6 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
4.7 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
4.8 except that:

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

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

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

4.18 (d) The net income of a real estate investment trust as defined and limited by section
4.19 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
4.20 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

4.24 (f) The Internal Revenue Code of 1986, as amended through ~~December 31, 2018~~
4.25 ~~November 15, 2021~~, applies for taxable years beginning after December 31, 1996, ~~except~~
4.26 ~~the sections of federal law in section 290.0111 shall also apply~~.

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

4.30 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
4.31 ~~the changes incorporated by federal changes are effective retroactively at the same time the~~
4.32 ~~changes were effective for federal purposes, but are subject to the application of Minnesota~~
4.33 ~~Statutes, section 290.993, subdivision 2.~~

5.1 Sec. 4. Minnesota Statutes 2021 Supplement, section 290.01, subdivision 31, is amended
5.2 to read:

5.3 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
5.4 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
5.5 ~~31, 2018, except the sections of federal law in section 290.011 shall also apply November~~
5.6 ~~15, 2021.~~ Internal Revenue Code also includes any uncodified provision in federal law that
5.7 relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

5.8 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
5.9 the changes incorporated by federal changes are effective retroactively at the same time the
5.10 changes were effective for federal purposes, but are subject to the application of Minnesota
5.11 Statutes, section 290.993, subdivision 2.

5.12 Sec. 5. Minnesota Statutes 2020, section 290.0123, subdivision 3, is amended to read:

5.13 Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in
5.14 sections 151 and 152 of the Internal Revenue Code, of another taxpayer for a taxable year
5.15 beginning in the calendar year in which the individual's taxable year begins, the standard
5.16 deduction for that individual is limited to the greater of:

5.17 (1) \$1,100; or

5.18 (2) the lesser of (i) the sum of \$350 and that individual's earned income, as defined in
5.19 section 32(c) of the Internal Revenue Code, ~~except that a taxpayer must use earned income~~
5.20 ~~from the current taxable year;~~ or (ii) the standard deduction amount allowed under subdivision
5.21 1, clause (3).

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

5.24 Sec. 6. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
5.25 to read:

5.26 **Subd. 19. Meal expenses.** The amount of meal expenses in excess of the 50 percent
5.27 limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection
5.28 (n), paragraph (2), subparagraph (D), of that section is an addition.

5.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
5.30 31, 2021.

6.1 Sec. 7. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
6.2 to read:

6.3 Subd. 20. Special limited adjustment. (a) For taxable years beginning after December
6.4 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,
6.5 subdivision 2, paragraph (c), that increases net income for the taxable year is an addition.

6.6 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,
6.7 and who received an addition from a pass-through entity filing their return on a fiscal year
6.8 basis, must make the addition in the taxable year it is received as required for federal income
6.9 tax purposes.

6.10 (c) This subdivision expires for taxable years beginning after December 31, 2023.

6.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.12 31, 2021, and before January 1, 2024.

6.13 Sec. 8. Minnesota Statutes 2020, section 290.0132, subdivision 18, is amended to read:

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

6.16 (b) The unused portion of a net operating loss carryover under section 290.095,
6.17 subdivision 11, paragraph (d), is a subtraction. The subtraction is the lesser of:

6.18 (1) the amount carried into the taxable year minus any subtraction made under this
6.19 section for prior taxable years; or

6.20 (2) 80 percent of Minnesota taxable net income in a single taxable year and determined
6.21 without regard to this subtraction.

6.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.23 31, 2021.

6.24 Sec. 9. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
6.25 to read:

6.26 Subd. 31. Special Limited Adjustment. (a) For taxable years beginning after December
6.27 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,
6.28 subdivision 2, paragraph (c), that decreases net income for the taxable year is a subtraction.

6.29 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,
6.30 and who received a subtraction from a pass-through entity filing their return on a fiscal year

7.1 basis, must make the subtraction in the taxable year it is received as required for federal
7.2 income tax purposes.

7.3 (c) This subdivision expires for taxable years beginning after December 31, 2023.

7.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.5 31, 2021, and before January 1, 2024.

7.6 Sec. 10. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
7.7 to read:

7.8 Subd. 32. **Delayed business interest.** For each of the five taxable years beginning after
7.9 December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment
7.10 amount, to the extent not already deducted, for the exclusion under section 290.993,
7.11 subdivision 2, paragraph (c), clause (11), due to the Coronavirus Aid, Relief and Economic
7.12 Security Act, Public Law 116-136, section 2306.

7.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.14 31, 2021.

7.15 Sec. 11. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
7.16 to read:

7.17 Subd. 15. **Meal expenses.** The amount of meal expenses in excess of the 50 percent
7.18 limitation under section 274(n)(1) of the Internal Revenue Code allowed under section
7.19 274(n)(2)(D) of the Internal Revenue Code is an addition.

7.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.21 31, 2021.

7.22 Sec. 12. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
7.23 to read:

7.24 Subd. 16. **Special Limited Adjustment.** (a) For taxable years beginning after December
7.25 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,
7.26 subdivision 2, paragraph (c), that increases net income for the taxable year is an addition.

7.27 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,
7.28 and who received an addition from a pass-through entity filing their return on a fiscal year
7.29 basis, must make the addition in the taxable year it is received as required for federal income
7.30 tax purposes.

7.31 (c) This subdivision expires for taxable years beginning after December 31, 2023.

8.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.2 31, 2021, and before January 1, 2024.

8.3 Sec. 13. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision
8.4 to read:

8.5 Subd. 20. Special Limited Adjustment. (a) For taxable years beginning after December
8.6 31, 2021, and before January 1, 2023, the amount calculated under section 290.993,
8.7 subdivision 2, paragraph (c), that decreases net income for the taxable year is a subtraction.

8.8 (b) Partners, shareholders, or beneficiaries who file their returns on a calendar year basis,
8.9 and who received a subtraction from a pass-through entity filing their return on a fiscal year
8.10 basis, must make the subtraction in the taxable year it is received as required for federal
8.11 income tax purposes.

8.12 (c) This subdivision expires for taxable years beginning after December 31, 2023.

8.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.14 31, 2021, and before January 1, 2024.

8.15 Sec. 14. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision
8.16 to read:

8.17 Subd. 21. Delayed business interest. For each of the five taxable years beginning after
8.18 December 31, 2021, there is allowed a subtraction equal to one-fifth of the adjustment
8.19 amount, to the extent not already deducted, for the exclusion under section 290.993,
8.20 subdivision 2, paragraph (c), clause (11), due to the Coronavirus Aid, Relief and Economic
8.21 Security Act, Public Law 116-136, section 2306.

8.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.23 31, 2021.

8.24 Sec. 15. Minnesota Statutes 2021 Supplement, section 290.06, subdivision 2c, is amended
8.25 to read:

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

8.30 (1) On the first \$38,770, 5.35 percent;

8.31 (2) On all over \$38,770, but not over \$154,020, 6.8 percent;

9.1 (3) On all over \$154,020, but not over \$269,010, 7.85 percent;

9.2 (4) On all over \$269,010, 9.85 percent.

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

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

9.8 (1) On the first \$26,520, 5.35 percent;

9.9 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;

9.10 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;

9.11 (4) On all over \$161,720, 9.85 percent.

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

9.15 (1) On the first \$32,650, 5.35 percent;

9.16 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;

9.17 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;

9.18 (4) On all over \$214,980, 9.85 percent.

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

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

9.30 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
9.31 defined in section 62 of the Internal Revenue Code and increased by:

10.1 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and

10.2 17, 19, and 20, and 290.0137, paragraph (a); and reduced by

10.3 (ii) the Minnesota assignable portion of the subtraction for United States government

10.4 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,

10.5 subdivisions 9, 10, 14, 15, 17, 18, and 27, 31, and 32, and 290.0137, paragraph (c), after

10.6 applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17;

10.7 and

10.8 (2) the denominator is the individual's federal adjusted gross income as defined in section

10.9 62 of the Internal Revenue Code, increased by:

10.10 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and

10.11 17, 19, and 20, and 290.0137, paragraph (a); and reduced by

10.12 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and

10.13 27, 31, and 32, and 290.0137, paragraph (c).

10.14 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying

10.15 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision

10.16 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as

10.17 provided in paragraph (e), and also must include, to the extent attributed to the electing

10.18 qualifying entity:

10.19 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the

10.20 addition under section 290.0131, subdivision 5; and

10.21 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the

10.22 subtraction under section 290.0132, subdivision 3.

10.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

10.24 31, 2021.

10.25 Sec. 16. Minnesota Statutes 2020, section 290.0671, subdivision 1a, is amended to read:

10.26 Subd. 1a. **Definitions.** For purposes of this section, the following terms "qualifying

10.27 child," and "earned income," have the meanings given in ~~section 32(e) of the Internal~~

10.28 ~~Revenue Code, and the term "adjusted gross income" has the meaning given in section 62~~

10.29 ~~of the Internal Revenue Code.~~:

10.30 "~~Earned income of the lesser earning spouse~~" has the meaning given in ~~section 290.0675,~~

10.31 ~~subdivision 1, paragraph (d).~~

11.1 (1) "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue
11.2 Code;

11.3 (2) "earned income" has the meaning given in section 32(c)(2) of the Internal Revenue
11.4 Code, except that a taxpayer must use earned income from the current taxable year;

11.5 (3) "adjusted gross income" has the meaning given in section 62 of the Internal Revenue
11.6 Code; and

11.7 (4) "earned income of the lesser earning spouse" has the meaning given in section
11.8 290.0675, subdivision 1, paragraph (d).

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

11.11 Sec. 17. Minnesota Statutes 2020, section 290.0675, subdivision 1, is amended to read:

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

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

11.16 (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code, except
11.17 that a taxpayer must use earned income from the current taxable year;

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

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

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

11.22 (d) "Earned income of lesser-earning spouse" means the earned income of the spouse
11.23 with the lesser amount of earned income as defined in paragraph (b) for the taxable year
11.24 minus one-half the amount of the standard deduction under section 290.0123, subdivision
11.25 1, clause (1).

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

11.28 Sec. 18. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

12.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section
12.4 55(b)(2) of the Internal Revenue Code;

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

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

12.8 (ii) the medical expense deduction;

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

12.10 (iv) the impairment-related work expenses of a person with a disability;

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

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

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

12.22 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16, and
12.23 20;

12.24 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent
12.25 not included in the addition required under clause (6); and

12.26 (8) to the extent not included in federal alternative minimum taxable income, the amount
12.27 of foreign-derived intangible income deducted under section 250 of the Internal Revenue
12.28 Code;

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

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

13.1 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
13.2 3, to the extent included in federal alternative minimum taxable income;

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

13.7 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
13.8 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to 29 31;

13.9 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
13.10 paragraph paragraphs (c) and (d); and

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

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

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

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

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

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

13.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.25 31, 2021.

13.26 Sec. 19. Minnesota Statutes 2020, section 290.095, subdivision 11, is amended to read:

13.27 Subd. 11. **Carryback or carryover adjustments.** (a) Except as provided in paragraph
13.28 (c), for individuals, estates, and trusts the amount of a net operating loss that may be carried
13.29 back or carried over shall be the same dollar amount allowable in the determination of
13.30 federal taxable income, provided that, notwithstanding any other provision, estates and
13.31 trusts must apply the following adjustments to the amount of the net operating loss that may
13.32 be carried back or carried over:

- 14.1 (1) Nonassignable income or losses as required by section 290.17.
- 14.2 (2) Deductions not allocable to Minnesota under section 290.17.
- 14.3 (b) The net operating loss carryback or carryover applied as a deduction in the taxable
14.4 year to which the net operating loss is carried back or carried over shall be equal to the net
14.5 operating loss carryback or carryover applied in the taxable year in arriving at federal taxable
14.6 income provided that trusts and estates must apply the following modifications:
- 14.7 (1) Increase the amount of carryback or carryover applied in the taxable year by the
14.8 amount of losses and interest, taxes and other expenses not assignable or allowable to
14.9 Minnesota incurred in the taxable year.
- 14.10 (2) Decrease the amount of carryback or carryover applied in the taxable year by the
14.11 amount of income not assignable to Minnesota earned in the taxable year. For estates and
14.12 trusts, the net operating loss carryback or carryover to the next consecutive taxable year
14.13 shall be the net operating loss carryback or carryover as calculated in clause (b) less the
14.14 amount applied in the earlier taxable year(s). No additional net operating loss carryback or
14.15 carryover shall be allowed to estates and trusts if the entire amount has been used to offset
14.16 Minnesota income in a year earlier than was possible on the federal return. However, if a
14.17 net operating loss carryback or carryover was allowed to offset federal income in a year
14.18 earlier than was possible on the Minnesota return, an estate or trust shall still be allowed to
14.19 offset Minnesota income but only if the loss was assignable to Minnesota in the year the
14.20 loss occurred.
- 14.21 (c) This paragraph does not apply to eligible small businesses that make a valid election
14.22 to carry back their losses for federal purposes under section 172(b)(1)(H) of the Internal
14.23 Revenue Code as amended through March 31, 2009.
- 14.24 (1) A net operating loss of an individual, estate, or trust that is allowed under this
14.25 subdivision and for which the taxpayer elects to carry back for more than two years under
14.26 section 172(b)(1)(H) of the Internal Revenue Code is a net operating loss carryback to each
14.27 of the two taxable years preceding the loss, and unused portions may be carried forward for
14.28 20 taxable years after the loss.
- 14.29 (2) The entire amount of the net operating loss for any taxable year must be carried to
14.30 the earliest of the taxable years to which the loss may be carried. The portion of the loss
14.31 which may be carried to each of the other taxable years is the excess, if any, of the amount
14.32 of the loss over the greater of the taxable net income or alternative minimum taxable income
14.33 for each of the taxable years to which the loss may be carried.

15.1 (d) For net operating loss carryovers or carrybacks arising in taxable years beginning
15.2 after December 31, 2017, and before December 31, 2020, a net operating loss carryover or
15.3 carryback is allowed as provided in the Internal Revenue Code as amended through December
15.4 31, 2018, as follows:

15.5 (1) the entire amount of the net operating loss, to the extent not already deducted, must
15.6 be carried to the earliest taxable year and any unused portion may be carried forward for
15.7 20 taxable years after the loss; and

15.8 (2) the portion of the loss which may be carried to each of the other taxable years is the
15.9 excess, if any, of the amount of the loss over the greater of the taxable net income or
15.10 alternative minimum taxable income for each of the taxable years to which the loss may be
15.11 carried.

15.12 **EFFECTIVE DATE.** This section is effective retroactively for losses arising in taxable
15.13 years beginning after December 31, 2017, and before December 31, 2020.

15.14 Sec. 20. Minnesota Statutes 2021 Supplement, section 290.993, is amended to read:

15.15 **290.993 SPECIAL LIMITED ADJUSTMENT.**

15.16 Subdivision 1. Tax year 2018. (a) For an individual, estate, or trust, or a partnership
15.17 that elects to file a composite return under section 289A.08, subdivision 7, for taxable years
15.18 beginning after December 31, 2017, and before January 1, 2019, the following special rules
15.19 apply:

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

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

15.28 (b) The adjustment in paragraph (a), clause (2) this subdivision, does not apply to any
15.29 changes due to sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301,
15.30 13302, 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and
15.31 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

16.1 Subd. 2. Tax years 2017 to 2021. (a) For all taxpayers, including an entity that elects
16.2 to file a composite return under section 289A.08, subdivision 7, and an entity that elects to
16.3 pay the pass-through entity tax under section 289A.08, subdivision 7a; for taxable years
16.4 beginning after December 31, 2016, and before January 1, 2022, the following rules apply.

16.5 (b) There is an adjustment to net income equal to the difference between the amount
16.6 calculated and reported under this chapter incorporating the Internal Revenue Code as
16.7 amended through Minnesota Laws 2021, First Special Session chapter 14, and the amount
16.8 calculated under this chapter incorporating the Internal Revenue Code as amended through
16.9 November 15, 2021. This adjustment is only allowed as provided in paragraph (c) and to
16.10 the extent the taxpayer reported a related nonconformity adjustment on their return for
16.11 taxable years beginning after December 31, 2016, and before January 1, 2022. This
16.12 adjustment does not include the changes due to the:

16.13 (1) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
16.14 114, exclusion of gross income of discharge of qualified principal residence indebtedness;

16.15 (2) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
16.16 304(b), special rules for disaster-related personal casualty losses; and

16.17 (3) American Rescue Plan Act, Public Law 117-2, section 9675, modification of treatment
16.18 of student loan forgiveness.

16.19 (c) For purposes of this subdivision, the term "nonconformity adjustment" means the
16.20 difference between adjusted gross income as defined under section 62 of the Internal Revenue
16.21 Code for individuals, and federal taxable income as defined under section 63 of the Internal
16.22 Revenue Code for all other taxpayers incorporating the Internal Revenue Code as amended
16.23 through Minnesota Laws 2021, First Special Session chapter 14, and the amount calculated
16.24 under this chapter incorporating the Internal Revenue Code as amended through November
16.25 15, 2021, but does not include impacts to state tax credits. The nonconformity adjustment
16.26 is an addition or subtraction to net income but does not include the following federal law
16.27 changes:

16.28 (1) Taxpayer Certainty and Disaster Relief Act of 2019, Public Law 116-94, section
16.29 104, deduction of qualified tuition and related expenses;

16.30 (2) Taxpayer Certainty and Disaster Relief Act of 2019, Public Law 116-94, section
16.31 203, employee retention credit for employers affected by qualified disasters;

16.32 (3) Families First Coronavirus Response Act, Public Law 116-127, section 7001, payroll
16.33 credit for required paid sick leave;

- 17.1 (4) Families First Coronavirus Response Act, Public Law 116-127, section 7003, payroll
17.2 credit for required paid family leave;
- 17.3 (5) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
17.4 2204, allowance of partial above the line deduction for charitable contributions;
- 17.5 (6) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
17.6 2205, excluding subsection (a), paragraph (B), temporary modification of limitations on
17.7 charitable contributions as it applies to individual taxpayers only and including carryovers;
- 17.8 (7) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
17.9 2206, exclusion of certain employer payment of student loans;
- 17.10 (8) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
17.11 2301, employee retention credit for employers subject to closure due to COVID-19;
- 17.12 (9) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
17.13 2303, modifications for net operating losses;
- 17.14 (10) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
17.15 2304, modification of limitation on losses for taxpayers other than corporations;
- 17.16 (11) Coronavirus Aid, Relief and Economic Security Act, Public Law 116-136, section
17.17 2306, limitation on business interest;
- 17.18 (12) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
17.19 207, extension and modification of employee retention and rehiring credit;
- 17.20 (13) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
17.21 210, temporary allowance of full deduction for business meals;
- 17.22 (14) Taxpayer Certainty and Disaster Relief Act of 2020, Public Law 116-260, section
17.23 303, employee retention credit for employers affected by qualified disasters;
- 17.24 (15) American Rescue Plan Act, Public Law 117-2, section 9501(b), preserving health
17.25 benefits for workers;
- 17.26 (16) American Rescue Plan Act, Public Law 117-2, section 9631, refundability and
17.27 enhancement of child and dependent care tax credit;
- 17.28 (17) American Rescue Plan Act, Public Law 117-2, section 9641, payroll sick and family
17.29 leave credits; and
- 17.30 (18) American Rescue Plan Act, Public Law, 117-2, section 9651, extension of employee
17.31 retention credit.

18.1 The addition or subtraction required must only be made in taxable years beginning after
18.2 December 31, 2021, and before January 1, 2023. Except partners, shareholders, or
18.3 beneficiaries who file their returns on a calendar year basis, and who received an addition
18.4 or subtraction from a pass-through entity filing their return on a fiscal year basis, must make
18.5 the addition or subtraction in the taxable year it is received as required for federal income
18.6 tax purposes. For purposes of this subdivision, a pass-through entity is defined as an entity
18.7 that is not subject to the tax imposed under section 290.02, including but not limited to S
18.8 corporations, partnerships, estates, and trusts other than grantor trusts.

18.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
18.10 after December 31, 2016, and before January 1, 2024.

18.11 Sec. 21. Minnesota Statutes 2020, section 290A.03, subdivision 15, is amended to read:

18.12 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue
18.13 Code of 1986, as amended through ~~December 31, 2018~~ November 15, 2021.

18.14 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property
18.15 taxes payable in 2022 and rent paid in 2021 and thereafter.

18.16 Sec. 22. Minnesota Statutes 2020, section 291.005, subdivision 1, is amended to read:

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

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

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

18.26 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,
18.27 as amended through ~~December 31, 2018~~ November 15, 2021.

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

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

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

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

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

19.14 (i) real property, the state or country in which it is located;
19.15 (ii) tangible personal property, the state or country in which it was normally kept or
19.16 located at the time of the decedent's death or for a gift of tangible personal property within
19.17 three years of death, the state or country in which it was normally kept or located when the
19.18 gift was executed;

19.19 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
19.20 Code, owned by a nonresident decedent and that is normally kept or located in this state
19.21 because it is on loan to an organization, qualifying as exempt from taxation under section
19.22 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
19.23 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

19.27 For a nonresident decedent with an ownership interest in a pass-through entity with
19.28 assets that include real or tangible personal property, situs of the real or tangible personal
19.29 property, including qualified works of art, is determined as if the pass-through entity does
19.30 not exist and the real or tangible personal property is personally owned by the decedent. If
19.31 the pass-through entity is owned by a person or persons in addition to the decedent, ownership
19.32 of the property is attributed to the decedent in proportion to the decedent's capital ownership
19.33 share of the pass-through entity.

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

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

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

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

(iv) a trust to the extent the property is includable in the decedent's federal gross estate; it excludes

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

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

ARTICLE 2

INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2021 Supplement, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. Credit allowed. (a) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate to qualified investors or qualified funds more than the dollar amount in credits allowed for the taxable years listed in paragraph (i). For each taxable year, 1 percent must be allocated to credits for qualified investments in qualified greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualified investments in greater Minnesota businesses and minority-owned, women-owned, veteran-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner

21.1 does not cancel and may be carried forward to subsequent taxable years until all credits
21.2 have been allocated.

21.3 (b) The commissioner may not allocate more than a total maximum amount in credits
21.4 for a taxable year to a qualified investor for the investor's cumulative qualified investments
21.5 as an individual qualified investor and as an investor in a qualified fund; for married couples
21.6 filing joint returns the maximum is \$250,000, and for all other filers the maximum is
21.7 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
21.8 over all taxable years for qualified investments in any one qualified small business.

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

21.12 (1) the investor is an officer or principal of the qualified small business; or
21.13 (2) the investor, either individually or in combination with one or more members of the
21.14 investor's family, owns, controls, or holds the power to vote 20 percent or more of the
21.15 outstanding securities of the qualified small business.

21.16 A member of the family of an individual disqualified by this paragraph is not eligible for a
21.17 credit under this section. For a married couple filing a joint return, the limitations in this
21.18 paragraph apply collectively to the investor and spouse. For purposes of determining the
21.19 ownership interest of an investor under this paragraph, the rules under section 267(c) and
21.20 267(e) of the Internal Revenue Code apply.

21.21 (d) Applications for tax credits must be made available on the department's website by
21.22 November 1 of the preceding year.

21.23 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
21.24 Tax credits must be allocated to qualified investors or qualified funds in the order that the
21.25 tax credit request applications are filed with the department. The commissioner must approve
21.26 or reject tax credit request applications within 15 days of receiving the application. The
21.27 investment specified in the application must be made within 60 days of the allocation of
21.28 the credits. If the investment is not made within 60 days, the credit allocation is canceled
21.29 and available for reallocation. A qualified investor or qualified fund that fails to invest as
21.30 specified in the application, within 60 days of allocation of the credits, must notify the
21.31 commissioner of the failure to invest within five business days of the expiration of the
21.32 60-day investment period.

22.1 (f) All tax credit request applications filed with the department on the same day must
22.2 be treated as having been filed contemporaneously. If two or more qualified investors or
22.3 qualified funds file tax credit request applications on the same day, and the aggregate amount
22.4 of credit allocation claims exceeds the aggregate limit of credits under this section or the
22.5 lesser amount of credits that remain unallocated on that day, then the credits must be allocated
22.6 among the qualified investors or qualified funds who filed on that day on a pro rata basis
22.7 with respect to the amounts claimed. The pro rata allocation for any one qualified investor
22.8 or qualified fund is the product obtained by multiplying a fraction, the numerator of which
22.9 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
22.10 denominator of which is the total of all credit allocation claims filed on behalf of all
22.11 applicants on that day, by the amount of credits that remain unallocated on that day for the
22.12 taxable year.

22.13 (g) A qualified investor or qualified fund, or a qualified small business acting on their
22.14 behalf, must notify the commissioner when an investment for which credits were allocated
22.15 has been made, and the taxable year in which the investment was made. A qualified fund
22.16 must also provide the commissioner with a statement indicating the amount invested by
22.17 each investor in the qualified fund based on each investor's share of the assets of the qualified
22.18 fund at the time of the qualified investment. After receiving notification that the investment
22.19 was made, the commissioner must issue credit certificates for the taxable year in which the
22.20 investment was made to the qualified investor or, for an investment made by a qualified
22.21 fund, to each qualified investor who is an investor in the fund. The certificate must state
22.22 that the credit is subject to revocation if the qualified investor or qualified fund does not
22.23 hold the investment in the qualified small business for at least three years, consisting of the
22.24 calendar year in which the investment was made and the two following years. The three-year
22.25 holding period does not apply if:

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

22.28 (2) 80 percent or more of the assets of the qualified small business is sold before the end
22.29 of the three-year period;

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

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

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

23.1 (h) The commissioner must notify the commissioner of revenue of credit certificates

23.2 issued under this section.

23.3 (i) The credit allowed under this subdivision is effective as follows:

23.4 (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before January
23.5 1, 2022; ~~and~~

23.6 (2) ~~\$5,000,000~~ \$12,000,000 for taxable years beginning after December 31, 2021, and
23.7 before January 1, 2023~~;~~ and

23.8 (3) \$5,000,000 per year for taxable years beginning after December 31, 2022, and before
23.9 January 1, 2031.

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

23.12 Sec. 2. Minnesota Statutes 2021 Supplement, section 116J.8737, subdivision 12, is amended

23.13 to read:

23.14 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,
23.15 ~~2022~~ 2030, except that reporting requirements under subdivision 6 and revocation of credits
23.16 under subdivision 7 remain in effect through ~~2024~~ 2032 for qualified investors and qualified
23.17 funds, and through ~~2026~~ 2034 for qualified small businesses, reporting requirements under
23.18 subdivision 9 remain in effect through ~~2022~~ 2030, and the appropriation in subdivision 11
23.19 remains in effect through ~~2026~~ 2034.

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

23.21 Sec. 3. Minnesota Statutes 2020, section 290.067, subdivision 1, is amended to read:

23.22 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax
23.23 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the
23.24 dependent care credit for which the taxpayer is eligible pursuant to the provisions of section
23.25 21 of the Internal Revenue Code except that in determining whether the child qualified as
23.26 a dependent, income received as a Minnesota family investment program grant or allowance
23.27 to or on behalf of the child must not be taken into account in determining whether the child
23.28 received more than half of the child's support from the taxpayer.

23.29 (b) If a child who has not attained the age of six years at the close of the taxable year is
23.30 cared for at a licensed family day care home operated by the child's parent, the taxpayer is
23.31 deemed to have paid employment-related expenses. If the child is 16 months old or younger

24.1 at the close of the taxable year, the amount of expenses deemed to have been paid equals
24.2 the maximum limit for one qualified individual under section 21(c) and (d) of the Internal
24.3 Revenue Code. If the child is older than 16 months of age but has not attained the age of
24.4 six years at the close of the taxable year, the amount of expenses deemed to have been paid
24.5 equals the amount the licensee would charge for the care of a child of the same age for the
24.6 same number of hours of care.

24.7 (c) If a ~~married couple~~: taxpayer

24.8 (1) has a child who has not attained the age of one year at the close of the taxable year;

24.9 (2) ~~files a joint tax return for the taxable year~~; and

24.10 (3) does not participate in a dependent care assistance program as defined in section 129
24.11 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for
24.12 that child under paragraph (a) or the deemed amount under paragraph (b), the deemed
24.13 employment-related expenses will be:

24.14 (1) for married individuals filing joint returns, the lesser of (i) the combined earned
24.15 income of the ~~couple~~ spouses, or (ii) the amount of the maximum limit for one qualified
24.16 individual under section 21(c) and (d) of the Internal Revenue Code ~~will be deemed to be~~
24.17 ~~the employment related expense paid for that child. The earned income limitation of section~~
24.18 ~~21(d) of the Internal Revenue Code shall not apply to this deemed amount~~; and

24.19 (2) for all other filers, excluding married individuals filing separately, the lesser of (i)
24.20 the earned income of the taxpayer, or (ii) the amount of the maximum limit for one qualified
24.21 individual under section 21(c) and (d) of the Internal Revenue Code.

24.22 These deemed amounts apply regardless of whether any employment-related expenses have
24.23 been paid.

24.24 (d) If the taxpayer is not required and does not file a federal individual income tax return
24.25 for the tax year, no credit is allowed for any amount paid to any person unless:

24.26 (1) the name, address, and taxpayer identification number of the person are included on
24.27 the return claiming the credit; or

24.28 (2) if the person is an organization described in section 501(c)(3) of the Internal Revenue
24.29 Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name
24.30 and address of the person are included on the return claiming the credit.

25.1 In the case of a failure to provide the information required under the preceding sentence,
25.2 the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence
25.3 in attempting to provide the information required.

25.4 (e) In the case of a nonresident, part-year resident, or a person who has earned income
25.5 not subject to tax under this chapter including earned income excluded pursuant to section
25.6 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue
25.7 Code must be allocated based on the ratio by which the earned income of the claimant and
25.8 the claimant's spouse from Minnesota sources bears to the total earned income of the claimant
25.9 and the claimant's spouse.

25.10 (f) For residents of Minnesota, the subtractions for military pay under section 290.0132,
25.11 subdivisions 11 and 12, are not considered "earned income not subject to tax under this
25.12 chapter."

25.13 (g) For residents of Minnesota, the exclusion of combat pay under section 112 of the
25.14 Internal Revenue Code is not considered "earned income not subject to tax under this
25.15 chapter."

25.16 (h) For taxpayers with federal adjusted gross income in excess of ~~\$52,230~~ \$70,000, the
25.17 credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the
25.18 amount equal to \$600 minus five percent of federal adjusted gross income in excess of
25.19 ~~\$52,230~~ \$70,000 for taxpayers with one qualified individual, or \$1,200 minus five percent
25.20 of federal adjusted gross income in excess of ~~\$52,230~~ \$70,000 for taxpayers with two or
25.21 more qualified individuals, but in no case is the credit less than zero.

25.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
25.23 31, 2021.

25.24 Sec. 4. Minnesota Statutes 2020, section 290.067, subdivision 2b, is amended to read:

25.25 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar
25.26 amount of the income threshold at which the maximum credit begins to be reduced under
25.27 subdivision 1 as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2022.

25.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
25.29 31, 2021.

26.1 Sec. 5. Minnesota Statutes 2020, section 290.067, is amended by adding a subdivision to
26.2 read:

26.3 Subd. 7. Special rule for 2022 and 2023. (a) In any taxable year beginning after
26.4 December 31, 2021, and before January 1, 2024, a taxpayer may take as a credit against the
26.5 tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to 130
26.6 percent of the dependent care credit for which the taxpayer is eligible under this section.
26.7 For taxpayers with federal adjusted gross income in excess of \$70,000, the credit is equal
26.8 to the lesser of the credit otherwise calculated under this section, or the amount equal to
26.9 \$780 minus five percent of federal adjusted gross income in excess of \$70,000 for taxpayers
26.10 with one qualified individual, or \$1,560 minus five percent of federal adjusted gross income
26.11 in excess of \$70,000 for taxpayers with two or more qualified individuals, but in no case is
26.12 the credit less than zero. The provisions of subdivision 1, paragraph (h), do not apply to this
26.13 subdivision.

26.14 (b) This subdivision expires for taxable years beginning after December 31, 2023.

26.15 EFFECTIVE DATE. This section is effective for taxable years beginning after December
26.16 31, 2021, and before January 1, 2024.

26.17 Sec. 6. Minnesota Statutes 2021 Supplement, section 290.0671, subdivision 1, is amended
26.18 to read:

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

26.23 (1) a taxpayer with no qualifying children who has attained the age of 19, but not attained
26.24 age 65 before the close of the taxable year and is otherwise eligible for a credit under section
26.25 32 of the Internal Revenue Code may also receive a credit; and

26.26 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal
26.27 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted
26.28 gross income exceeds the income limitation under section 32 of the Internal Revenue Code; and

26.30 (3) the requirements of section 32(m) of the Internal Revenue Code do not apply.

26.31 (b) For individuals with no qualifying children, the credit equals 3.9 percent of the first
26.32 \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted

27.1 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
27.2 the credit less than zero.

27.3 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first
27.4 \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted
27.5 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
27.6 the credit less than zero.

27.7 (d) For individuals with two qualifying children, the credit equals 11 percent of the first
27.8 \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted
27.9 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
27.10 the credit less than zero.

27.11 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent
27.12 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income
27.13 or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in
27.14 no case is the credit less than zero.

27.15 (f) For a part-year resident, the credit must be allocated based on the percentage calculated
27.16 under section 290.06, subdivision 2c, paragraph (e).

27.17 (g) For a person who was a resident for the entire tax year and has earned income not
27.18 subject to tax under this chapter, including income excluded under section 290.0132,
27.19 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross
27.20 income reduced by the earned income not subject to tax under this chapter over federal
27.21 adjusted gross income. For purposes of this paragraph, the following clauses are not
27.22 considered "earned income not subject to tax under this chapter":

27.23 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;
27.24 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and
27.25 (3) income derived from an Indian reservation by an enrolled member of the reservation
27.26 while living on the reservation.

27.27 (h) For the purposes of this section, the phaseout threshold equals:

27.28 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;
27.29 (2) \$8,730 for all other taxpayers with no qualifying children;
27.30 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;
27.31 (4) \$22,770 for all other taxpayers with one qualifying child;

28.1 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

28.2 (6) \$27,000 for all other taxpayers with two qualifying children;

28.3 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying
28.4 children; and

28.5 (8) \$27,300 for all other taxpayers with three or more qualifying children.

28.6 (i) The commissioner shall construct tables showing the amount of the credit at various
28.7 income levels and make them available to taxpayers. The tables shall follow the schedule
28.8 contained in this subdivision, except that the commissioner may graduate the transition
28.9 between income brackets.

28.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
28.11 31, 2021.

28.12 Sec. 7. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

28.13 Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~ \$70,000,
28.14 the maximum credit allowed for a family is \$1,000 multiplied by the number of qualifying
28.15 children in kindergarten through grade 12 in the family. The maximum credit for families
28.16 with one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of
28.17 household income over ~~\$33,500~~ \$70,000, and the maximum credit for families with two or
28.18 more qualifying children in kindergarten through grade 12 is reduced by \$2 for each \$4 of
28.19 household income over ~~\$33,500~~ \$70,000, but in no case is the credit less than zero.

28.20 (b) In the case of a married claimant, a credit is not allowed unless a joint income tax
28.21 return is filed.

28.22 (c) For a nonresident or part-year resident, the credit determined under subdivision 1
28.23 and the maximum credit amount in paragraph (a) must be allocated using the percentage
28.24 calculated in section 290.06, subdivision 2c, paragraph (e).

28.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
28.26 31, 2021.

28.27 Sec. 8. Minnesota Statutes 2020, section 290.0674, subdivision 2a, is amended to read:

28.28 Subd. 2a. **Income.** (a) For purposes of this section, "income" means ~~the sum of the~~
28.29 following:

28.30 (1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code;
28.31 and.

- 29.1 (2) the sum of the following amounts to the extent not included in clause (1):
- 29.2 (i) all nontaxable income;
- 29.3 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,
29.4 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss
29.5 carryover allowed under section 469(b) of the Internal Revenue Code;
- 29.6 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
29.7 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
29.8 Code;
- 29.9 (iv) cash public assistance and relief;
- 29.10 (v) any pension or annuity (including railroad retirement benefits, all payments received
29.11 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
29.12 which was not exclusively funded by the claimant or spouse, or which was funded exclusively
29.13 by the claimant or spouse and which funding payments were excluded from federal adjusted
29.14 gross income in the years when the payments were made;
- 29.15 (vi) interest received from the federal or a state government or any instrumentality or
29.16 political subdivision thereof;
- 29.17 (vii) workers' compensation;
- 29.18 (viii) nontaxable strike benefits;
- 29.19 (ix) the gross amounts of payments received in the nature of disability income or sick
29.20 pay as a result of accident, sickness, or other disability, whether funded through insurance
29.21 or otherwise;
- 29.22 (x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code of
29.23 1986, as amended through December 31, 1995;
- 29.24 (xi) contributions made by the claimant to an individual retirement account, including
29.25 a qualified voluntary employee contribution; simplified employee pension plan;
29.26 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
29.27 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
29.28 Revenue Code;
- 29.29 (xii) nontaxable scholarship or fellowship grants;
- 29.30 (xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;

30.1 ~~(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
30.2 Code;~~

30.3 ~~(xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue
30.4 Code; and~~

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

30.7 In the case of an individual who files an income tax return on a fiscal year basis, the
30.8 term "federal adjusted gross income" means federal adjusted gross income reflected in the
30.9 fiscal year ending in the next calendar year. Federal adjusted gross income may not be
30.10 reduced by the amount of a net operating loss carryback or carryforward or a capital loss
30.11 carryback or carryforward allowed for the year.

30.12 ~~(b) "Income" does not include:~~

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

30.14 ~~(2) amounts of any pension or annuity that were exclusively funded by the claimant or
30.15 spouse if the funding payments were not excluded from federal adjusted gross income in
30.16 the years when the payments were made;~~

30.17 ~~(3) surplus food or other relief in kind supplied by a governmental agency;~~

30.18 ~~(4) relief granted under chapter 290A;~~

30.19 ~~(5) child support payments received under a temporary or final decree of dissolution or
30.20 legal separation; and~~

30.21 ~~(6) restitution payments received by eligible individuals and excludable interest as
30.22 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,
30.23 Public Law 107-16.~~

30.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
30.25 31, 2021.

30.26 Sec. 9. Minnesota Statutes 2020, section 290.0674, is amended by adding a subdivision
30.27 to read:

30.28 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar
30.29 amount of the income threshold at which the maximum credit begins to be reduced under
30.30 subdivision 2 as provided in section 270C.22. The statutory year is taxable year 2022.

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

ARTICLE 3

SALES AND USE TAXES

31.5 Section 1. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision
31.6 to read:

Subd. 54. Construction materials purchased by contractors; exemption for certain entities. (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvement of buildings or facilities used principally by the following entities are exempt:

- 31.11 (1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c);
- 31.12 (2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d);
- 31.13 (3) hospitals and nursing homes owned and operated by political subdivisions of the
- 31.14 state, as described under section 297A.70, subdivision 2, paragraph (a), clause (3);
- 31.15 (4) county law libraries under chapter 134A and public libraries, regional public library
- 31.16 systems, and multicounty, multitype library systems, as defined in section 134.001;
- 31.17 (5) nonprofit groups, as defined under section 297A.70, subdivision 4;
- 31.18 (6) hospitals, outpatient surgical centers, and critical access dental providers, as defined
- 31.19 under section 297A.70, subdivision 7; and
- 31.20 (7) nursing homes and boarding care homes, as defined under section 297A.70,
- 31.21 subdivision 18.

31.22 (b) Materials and supplies used or consumed in and equipment incorporated into the
31.23 construction, reconstruction, repair, maintenance, or improvement of public infrastructure
31.24 of any kind, including but not limited to roads, bridges, culverts, drinking water facilities,
31.25 and wastewater facilities, purchased by a contractor, subcontractor, or builder as part of a
31.26 contract with the following entities are exempt:

31.27 (1) school districts, as defined under section 297A.70, subdivision 2, paragraph (c); or
31.28 (2) local governments, as defined under section 297A.70, subdivision 2, paragraph (d).
31.29 (c) The tax on purchases exempt under this subdivision must be imposed and collected
31.30 as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner
31.31 provided in section 297A.75.

32.1 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
32.2 made after June 30, 2021.

32.3 Sec. 2. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 1, is amended
32.4 to read:

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

32.8 (1) building materials for an agricultural processing facility exempt under section
32.9 297A.71, subdivision 13;

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

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

32.13 (4) building materials used in a residence for veterans with a disability exempt under
32.14 section 297A.71, subdivision 11;

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

32.16 (6) materials and supplies for qualified low-income housing under section 297A.71,
32.17 subdivision 23;

32.18 (7) materials, supplies, and equipment for municipal electric utility facilities under
32.19 section 297A.71, subdivision 35;

32.20 (8) equipment and materials used for the generation, transmission, and distribution of
32.21 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
32.22 37;

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

32.25 (10) materials, supplies, and equipment for construction or improvement of projects and
32.26 facilities under section 297A.71, subdivision 40;

32.27 (11) materials, supplies, and equipment for construction, improvement, or expansion of
32.28 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

32.29 (12) enterprise information technology equipment and computer software for use in a
32.30 qualified data center exempt under section 297A.68, subdivision 42;

33.1 (13) materials, supplies, and equipment for qualifying capital projects under section
33.2 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

33.3 (14) items purchased for use in providing critical access dental services exempt under
33.4 section 297A.70, subdivision 7, paragraph (c);

33.5 (15) items and services purchased under a business subsidy agreement for use or
33.6 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
33.7 44;

33.8 (16) building materials, equipment, and supplies for constructing or replacing real
33.9 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

33.10 (17) building materials, equipment, and supplies for qualifying capital projects under
33.11 section 297A.71, subdivision 52; ~~and~~

33.12 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,
33.13 or improving a fire station, police station, or related facilities exempt under section 297A.71,
33.14 subdivision 53-; and

33.15 (19) building construction or reconstruction materials, supplies, and equipment exempt
33.16 under section 297A.71, subdivision 54.

33.17 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
33.18 made after June 30, 2021.

33.19 Sec. 3. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 2, is amended
33.20 to read:

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

33.24 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;
33.25 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;
33.26 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits
33.27 provided in United States Code, title 38, chapter 21;
33.28 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
33.29 property;
33.30 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

34.1 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
34.2 joint venture of municipal electric utilities;

34.3 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying
34.4 business;

34.5 (8) for subdivision 1, clauses (9), (10), (13), (17), and (18), the applicant must be the
34.6 governmental entity that owns or contracts for the project or facility; ~~and~~

34.7 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
34.8 building or project.; and

34.9 (10) for subdivision 1, clause (19), the applicant must be the entity:

34.10 (i) listed in section 297A.71, subdivision 54, paragraph (a), that principally uses the
34.11 building or facility; or

34.12 (ii) listed in section 297A.71, subdivision 54, paragraph (b), that contracts with a
34.13 contractor, subcontractor, or builder for the public infrastructure project.

34.14 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
34.15 made after June 30, 2021.

34.16 Sec. 4. Minnesota Statutes 2021 Supplement, section 297A.75, subdivision 3, is amended
34.17 to read:

34.18 **Subd. 3. Application.** (a) The application must include sufficient information to permit
34.19 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
34.20 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(18)~~(19), the contractor,
34.21 subcontractor, or builder must furnish to the refund applicant a statement including the cost
34.22 of the exempt items and the taxes paid on the items unless otherwise specifically provided
34.23 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
34.24 this section.

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

34.27 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
34.28 made after June 30, 2021.

ARTICLE 4**PROPERTY TAXES**

Section 1. Minnesota Statutes 2020, section 273.124, subdivision 6, is amended to read:

Subd. 6. Leasehold cooperatives. When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers or individual tax identification numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A or 308B and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and

36.1 qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the limited
36.2 partnership agreement must provide that the managing general partner have sufficient powers
36.3 so that it materially participates in the management and control of the limited partnership;

36.4 (f) prior to becoming a member of a leasehold cooperative described in this subdivision,
36.5 a person must have received notice that (1) describes leasehold cooperative property in plain
36.6 language, including but not limited to the effects of classification under this subdivision on
36.7 rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that
36.8 copies of the articles of incorporation and bylaws of the cooperative association, the lease
36.9 between the owner and the cooperative association, a sample sublease between the
36.10 cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited
36.11 partnership agreement, can be obtained upon written request at no charge from the owner,
36.12 and the owner must send or deliver the materials within seven days after receiving any
36.13 request;

36.14 (g) if a dwelling unit of a building was occupied on the 60th day prior to the date on
36.15 which the unit became leasehold cooperative property described in this subdivision, the
36.16 notice described in paragraph (f) must have been sent by first class mail to the occupant of
36.17 the unit at least 60 days prior to the date on which the unit became leasehold cooperative
36.18 property. For purposes of the notice under this paragraph, the copies of the documents
36.19 referred to in paragraph (f) may be in proposed version, provided that any subsequent
36.20 material alteration of those documents made after the occupant has requested a copy shall
36.21 be disclosed to any occupant who has requested a copy of the document. Copies of the
36.22 articles of incorporation and certificate of limited partnership shall be filed with the secretary
36.23 of state after the expiration of the 60-day period unless the change to leasehold cooperative
36.24 status does not proceed;

36.25 (h) the county attorney of the county in which the property is located must certify to the
36.26 assessor that the property meets the requirements of this subdivision;

36.27 (i) the public financing received must be from at least one of the following sources:

36.28 (1) tax increment financing proceeds used for the acquisition or rehabilitation of the
36.29 building or interest rate write-downs relating to the acquisition of the building;

36.30 (2) government issued bonds exempt from taxes under section 103 of the Internal Revenue
36.31 Code, the proceeds of which are used for the acquisition or rehabilitation of the building;

36.32 (3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing
36.33 Act;

37.1 (4) rental housing program funds under Section 8 of the United States Housing Act of
37.2 1937, as amended, or the market rate family graduated payment mortgage program funds
37.3 administered by the Minnesota Housing Finance Agency that are used for the acquisition
37.4 or rehabilitation of the building;

37.5 (5) low-income housing credit under section 42 of the Internal Revenue Code;

37.6 (6) public financing provided by a local government used for the acquisition or
37.7 rehabilitation of the building, including grants or loans from (i) federal community
37.8 development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued
37.9 under chapter 474A; or

37.10 (7) other rental housing program funds provided by the Minnesota Housing Finance
37.11 Agency for the acquisition or rehabilitation of the building;

37.12 (j) at the time of the initial request for homestead classification or of any transfer of
37.13 ownership of the property, the governing body of the municipality in which the property is
37.14 located must hold a public hearing and make the following findings:

37.15 (1) that the granting of the homestead treatment of the apartment's units will facilitate
37.16 safe, clean, affordable housing for the cooperative members that would otherwise not be
37.17 available absent the homestead designation;

37.18 (2) that the owner has presented information satisfactory to the governing body showing
37.19 that the savings garnered from the homestead designation of the units will be used to reduce
37.20 tenant's rents or provide a level of furnishing or maintenance not possible absent the
37.21 designation; and

37.22 (3) that the requirements of paragraphs (b), (d), and (i) have been met.

37.23 Homestead treatment must be afforded to units occupied by members of the cooperative
37.24 association and the units must be assessed as provided in subdivision 3, provided that any
37.25 unit not so occupied shall be classified and assessed pursuant to the appropriate class. No
37.26 more than three acres of land may, for assessment purposes, be included with each dwelling
37.27 unit that qualifies for homestead treatment under this subdivision.

37.28 When dwelling units no longer qualify under this subdivision, the current owner must
37.29 notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result
37.30 in the loss of benefits under this subdivision for taxes payable in the year that the failure is
37.31 discovered. For these purposes, "benefits under this subdivision" means the difference in
37.32 the net tax capacity of the units which no longer qualify as computed under this subdivision
37.33 and as computed under the otherwise applicable law, times the local tax rate applicable to

38.1 the building for that taxes payable year. Upon discovery of a failure to notify, the assessor
38.2 shall inform the auditor of the difference in net tax capacity for the building or buildings in
38.3 which units no longer qualify, and the auditor shall calculate the benefits under this
38.4 subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be
38.5 demanded of the building's owner. The property owner may appeal the county's determination
38.6 by serving copies of a petition for review with county officials as provided in section 278.01
38.7 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court
38.8 within 60 days of the date of the notice from the county. The appeal shall be governed by
38.9 the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as
38.10 defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and
38.11 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this
38.12 subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the
38.13 county auditor shall certify the amount of the benefit and penalty to the succeeding year's
38.14 tax list to be collected as part of the property taxes on the affected buildings.

38.15 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
38.16 filed in 2022 and thereafter.

38.17 Sec. 2. Minnesota Statutes 2021 Supplement, section 273.124, subdivision 13, is amended
38.18 to read:

38.19 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements
38.20 under subdivision 1 must file a homestead application with the county assessor to initially
38.21 obtain homestead classification.

38.22 (b) The commissioner shall prescribe the content, format, and manner of the homestead
38.23 application required to be filed under this chapter pursuant to section 270C.30. The
38.24 application must clearly inform the taxpayer that this application must be signed by all
38.25 owners who occupy the property or by the qualifying relative and returned to the county
38.26 assessor in order for the property to receive homestead treatment.

38.27 (c) Every property owner applying for homestead classification must furnish to the
38.28 county assessor the Social Security number or individual tax identification number of each
38.29 occupant who is listed as an owner of the property on the deed of record, the name and
38.30 address of each owner who does not occupy the property, and the name and Social Security
38.31 number or individual tax identification number of the spouse of each occupying owner. The
38.32 application must be signed by each owner who occupies the property and by each owner's
38.33 spouse who occupies the property, or, in the case of property that qualifies as a homestead
38.34 under subdivision 1, paragraph (c), by the qualifying relative.

39.1 If a property owner occupies a homestead, the property owner's spouse may not claim
39.2 another property as a homestead unless the property owner and the property owner's spouse
39.3 file with the assessor an affidavit or other proof required by the assessor stating that the
39.4 property qualifies as a homestead under subdivision 1, paragraph (e).

39.5 Owners or spouses occupying residences owned by their spouses and previously occupied
39.6 with the other spouse, either of whom fail to include the other spouse's name and Social
39.7 Security number or individual tax identification number on the homestead application or
39.8 provide the affidavits or other proof requested, will be deemed to have elected to receive
39.9 only partial homestead treatment of their residence. The remainder of the residence will be
39.10 classified as nonhomestead residential. When an owner or spouse's name and Social Security
39.11 number or individual tax identification number appear on homestead applications for two
39.12 separate residences and only one application is signed, the owner or spouse will be deemed
39.13 to have elected to homestead the residence for which the application was signed.

39.14 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
39.15 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
39.16 the property to receive homestead status, a homestead application must be filed with the
39.17 assessor. The Social Security number or individual tax identification number of each relative
39.18 occupying the property and the name and Social Security number or individual tax
39.19 identification number of the spouse of a relative occupying the property shall be required
39.20 on the homestead application filed under this subdivision. If a different relative of the owner
39.21 subsequently occupies the property, the owner of the property must notify the assessor
39.22 within 30 days of the change in occupancy. The Social Security number or individual tax
39.23 identification number of a relative occupying the property or the spouse of a relative
39.24 occupying the property is private data on individuals as defined by section 13.02, subdivision
39.25 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding
39.26 under the Revenue Recapture Act to recover personal property taxes owing, to the county
39.27 treasurer.

39.28 (e) The homestead application shall also notify the property owners that if the property
39.29 is granted homestead status for any assessment year, that same property shall remain
39.30 classified as homestead until the property is sold or transferred to another person, or the
39.31 owners, the spouse of the owner, or the relatives no longer use the property as their
39.32 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
39.33 be timely filed with the county auditor as provided under section 272.115. Failure to notify
39.34 the assessor within 30 days that the property has been sold, transferred, or that the owner,
39.35 the spouse of the owner, or the relative is no longer occupying the property as a homestead,

40.1 shall result in the penalty provided under this subdivision and the property will lose its
40.2 current homestead status.

40.3 (f) If a homestead application has not been filed with the county by December 31, the
40.4 assessor shall classify the property as nonhomestead for the current assessment year for
40.5 taxes payable in the following year, provided that the owner may be entitled to receive the
40.6 homestead classification by proper application under section 375.192.

40.7 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
40.8 filed in 2022 and thereafter.

40.9 Sec. 3. Minnesota Statutes 2020, section 273.124, subdivision 13a, is amended to read:

40.10 Subd. 13a. **Occupant list.** At the request of the commissioner, each county must give
40.11 the commissioner a list that includes the name and Social Security number or individual
40.12 tax identification number of each occupant of homestead property who is the property owner,
40.13 property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying
40.14 relative. The commissioner shall use the information provided on the lists as appropriate
40.15 under the law, including for the detection of improper claims by owners, or relatives of
40.16 owners, under chapter 290A.

40.17 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
40.18 filed in 2022 and thereafter.

40.19 Sec. 4. Minnesota Statutes 2020, section 273.124, subdivision 13c, is amended to read:

40.20 Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner
40.21 may ask the counties to furnish lists of all properties and the record owners. The Social
40.22 Security numbers, individual tax identification numbers, and federal identification numbers
40.23 that are maintained by a county or city assessor for property tax administration purposes,
40.24 and that may appear on the lists retain their classification as private or nonpublic data; but
40.25 may be viewed, accessed, and used by the county auditor or treasurer of the same county
40.26 for the limited purpose of assisting the commissioner in the preparation of microdata samples
40.27 under section 270C.12. The commissioner shall use the information provided on the lists
40.28 as appropriate under the law, including for the detection of improper claims by owners, or
40.29 relatives of owners, under chapter 290A.

40.30 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
40.31 filed in 2022 and thereafter.

41.1 Sec. 5. Minnesota Statutes 2020, section 273.124, subdivision 13d, is amended to read:

41.2 Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each
41.3 county must provide the commissioner with the following data for each parcel of homestead
41.4 property by electronic means as defined in section 289A.02, subdivision 8:

41.5 (1) the property identification number assigned to the parcel for purposes of taxes payable
41.6 in the current year;

41.7 (2) the name and Social Security number or individual tax identification number of each
41.8 occupant of homestead property who is the property owner or qualifying relative of a property
41.9 owner, and the spouse of the property owner who occupies homestead property or spouse
41.10 of a qualifying relative of a property owner who occupies homestead property;

41.11 (3) the classification of the property under section 273.13 for taxes payable in the current
41.12 year and in the prior year;

41.13 (4) an indication of whether the property was classified as a homestead for taxes payable
41.14 in the current year because of occupancy by a relative of the owner or by a spouse of a
41.15 relative;

41.16 (5) the property taxes payable as defined in section 290A.03, subdivision 13, for the
41.17 current year and the prior year;

41.18 (6) the market value of improvements to the property first assessed for tax purposes for
41.19 taxes payable in the current year;

41.20 (7) the assessor's estimated market value assigned to the property for taxes payable in
41.21 the current year and the prior year;

41.22 (8) the taxable market value assigned to the property for taxes payable in the current
41.23 year and the prior year;

41.24 (9) whether there are delinquent property taxes owing on the homestead;

41.25 (10) the unique taxing district in which the property is located; and

41.26 (11) such other information as the commissioner decides is necessary.

41.27 The commissioner shall use the information provided on the lists as appropriate under
41.28 the law, including for the detection of improper claims by owners, or relatives of owners,
41.29 under chapter 290A.

41.30 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
41.31 filed in 2022 and thereafter.

42.1 Sec. 6. Minnesota Statutes 2021 Supplement, section 273.124, subdivision 14, is amended
42.2 to read:

42.3 **Subd. 14. Agricultural homesteads; special provisions.** (a) Real estate of less than ten
42.4 acres that is the homestead of its owner must be classified as class 2a under section 273.13,
42.5 subdivision 23, paragraph (a), if:

42.6 (1) the parcel on which the house is located is contiguous on at least two sides to (i)
42.7 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife
42.8 Service, or (iii) land administered by the Department of Natural Resources on which in lieu
42.9 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

42.10 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20
42.11 acres;

42.12 (3) the noncontiguous land is located not farther than four townships or cities, or a
42.13 combination of townships or cities from the homestead; and

42.14 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to
42.15 at least 50 percent of the market value of the house, garage, and one acre of land.

42.16 Homesteads initially classified as class 2a under the provisions of this paragraph shall
42.17 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining
42.18 properties, as long as the homestead remains under the same ownership, the owner owns a
42.19 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use
42.20 value qualifies under clause (4). Homestead classification under this paragraph is limited
42.21 to property that qualified under this paragraph for the 1998 assessment.

42.22 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same
42.23 extent as other agricultural homestead property, if all of the following criteria are met:

42.24 (1) the agricultural property consists of at least 40 acres including undivided government
42.25 lots and correctional 40's;

42.26 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner
42.27 or of the owner's spouse, is actively farming the agricultural property, either on the person's
42.28 own behalf as an individual or on behalf of a partnership operating a family farm, family
42.29 farm corporation, joint family farm venture, or limited liability company of which the person
42.30 is a partner, shareholder, or member;

42.31 (3) both the owner of the agricultural property and the person who is actively farming
42.32 the agricultural property under clause (2), are Minnesota residents;

43.1 (4) neither the owner nor the spouse of the owner claims another agricultural homestead
43.2 in Minnesota; and

43.3 (5) neither the owner nor the person actively farming the agricultural property lives
43.4 farther than four townships or cities, or a combination of four townships or cities, from the
43.5 agricultural property, except that if the owner or the owner's spouse is required to live in
43.6 employer-provided housing, the owner or owner's spouse, whichever is actively farming
43.7 the agricultural property, may live more than four townships or cities, or combination of
43.8 four townships or cities from the agricultural property.

43.9 The relationship under this paragraph may be either by blood or marriage.

43.10 (ii) Property containing the residence of an owner who owns qualified property under
43.11 clause (i) shall be classified as part of the owner's agricultural homestead, if that property
43.12 is also used for noncommercial storage or drying of agricultural crops.

43.13 (iii) As used in this paragraph, "agricultural property" means class 2a property and any
43.14 class 2b property that is contiguous to and under the same ownership as the class 2a property.

43.15 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,
43.16 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached
43.17 land is located in the same township or city, or not farther than four townships or cities or
43.18 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must
43.19 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,
43.20 and, if the homestead is located in another county, the taxpayer must also notify the assessor
43.21 of the other county.

43.22 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
43.23 holding a vested remainder interest in it must be classified as a homestead under section
43.24 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
43.25 dwellings on the land used for purposes of a homestead by persons holding vested remainder
43.26 interests who are actively engaged in farming the property, and up to one acre of the land
43.27 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
43.28 must also be assessed class 2a.

43.29 (e) Agricultural land and buildings that were class 2a homestead property under section
43.30 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
43.31 agricultural homesteads for subsequent assessments if:

43.32 (1) the property owner abandoned the homestead dwelling located on the agricultural
43.33 homestead as a result of the April 1997 floods;

- 44.1 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
44.2 Wilkin;
- 44.3 (3) the agricultural land and buildings remain under the same ownership for the current
44.4 assessment year as existed for the 1997 assessment year and continue to be used for
44.5 agricultural purposes;
- 44.6 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
44.7 of one of the parcels of agricultural land that is owned by the taxpayer; and
- 44.8 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
44.9 and the owner furnishes the assessor any information deemed necessary by the assessor in
44.10 verifying the change in dwelling. Further notifications to the assessor are not required if the
44.11 property continues to meet all the requirements in this paragraph and any dwellings on the
44.12 agricultural land remain uninhabited.
- 44.13 (f) Agricultural land and buildings that were class 2a homestead property under section
44.14 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
44.15 agricultural homesteads for subsequent assessments if:
- 44.16 (1) the property owner abandoned the homestead dwelling located on the agricultural
44.17 homestead as a result of damage caused by a March 29, 1998, tornado;
- 44.18 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,
44.19 Nicollet, Nobles, or Rice;
- 44.20 (3) the agricultural land and buildings remain under the same ownership for the current
44.21 assessment year as existed for the 1998 assessment year;
- 44.22 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
44.23 one of the parcels of agricultural land that is owned by the taxpayer; and
- 44.24 (5) the owner notifies the county assessor that the relocation was due to a March 29,
44.25 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
44.26 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
44.27 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
44.28 are not required if the property continues to meet all the requirements in this paragraph and
44.29 any dwellings on the agricultural land remain uninhabited.
- 44.30 (g) Agricultural property of a family farm corporation, joint family farm venture, family
44.31 farm limited liability company, or partnership operating a family farm as described under
44.32 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
44.33 property, if all of the following criteria are met:

- 45.1 (1) the property consists of at least 40 acres including undivided government lots and
45.2 correctional 40's;
- 45.3 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
45.4 property;
- 45.5 (3) that shareholder, member, or partner who is actively farming the agricultural property
45.6 is a Minnesota resident;
- 45.7 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
45.8 member, or partner claims another agricultural homestead in Minnesota; and
- 45.9 (5) that shareholder, member, or partner does not live farther than four townships or
45.10 cities, or a combination of four townships or cities, from the agricultural property.

45.11 Homestead treatment applies under this paragraph even if:

- 45.12 (i) the shareholder, member, or partner of that entity is actively farming the agricultural
45.13 property on the shareholder's, member's, or partner's own behalf; or
- 45.14 (ii) the family farm is operated by a family farm corporation, joint family farm venture,
45.15 partnership, or limited liability company other than the family farm corporation, joint family
45.16 farm venture, partnership, or limited liability company that owns the land, provided that:
- 45.17 (A) the shareholder, member, or partner of the family farm corporation, joint family
45.18 farm venture, partnership, or limited liability company that owns the land who is actively
45.19 farming the land is a shareholder, member, or partner of the family farm corporation, joint
45.20 family farm venture, partnership, or limited liability company that is operating the farm;
45.21 and
- 45.22 (B) more than half of the shareholders, members, or partners of each family farm
45.23 corporation, joint family farm venture, partnership, or limited liability company are persons
45.24 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
45.25 paragraphs (c) and (d).

45.26 Homestead treatment applies under this paragraph for property leased to a family farm
45.27 corporation, joint farm venture, limited liability company, or partnership operating a family
45.28 farm if legal title to the property is in the name of an individual who is a member, shareholder,
45.29 or partner in the entity.

- 45.30 (h) To be eligible for the special agricultural homestead under this subdivision, an initial
45.31 full application must be submitted to the county assessor where the property is located.
45.32 Owners and the persons who are actively farming the property shall be required to complete

46.1 only a one-page abbreviated version of the application in each subsequent year provided
46.2 that none of the following items have changed since the initial application:

- 46.3 (1) the day-to-day operation, administration, and financial risks remain the same;
- 46.4 (2) the owners and the persons actively farming the property continue to live within the
46.5 four townships or city criteria and are Minnesota residents;
- 46.6 (3) the same operator of the agricultural property is listed with the Farm Service Agency;
- 46.7 (4) a Schedule F or equivalent income tax form was filed for the most recent year;
- 46.8 (5) the property's acreage is unchanged; and
- 46.9 (6) none of the property's acres have been enrolled in a federal or state farm program
46.10 since the initial application.

46.11 The owners and any persons who are actively farming the property must include the
46.12 appropriate Social Security numbers or individual tax identification numbers, and sign and
46.13 date the application. If any of the specified information has changed since the full application
46.14 was filed, the owner must notify the assessor, and must complete a new application to
46.15 determine if the property continues to qualify for the special agricultural homestead. The
46.16 commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

46.17 (i) Agricultural land and buildings that were class 2a homestead property under section
46.18 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
46.19 agricultural homesteads for subsequent assessments if:

46.20 (1) the property owner abandoned the homestead dwelling located on the agricultural
46.21 homestead as a result of damage caused by the August 2007 floods;

46.22 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,
46.23 Wabasha, or Winona;

46.24 (3) the agricultural land and buildings remain under the same ownership for the current
46.25 assessment year as existed for the 2007 assessment year;

46.26 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
46.27 one of the parcels of agricultural land that is owned by the taxpayer; and

46.28 (5) the owner notifies the county assessor that the relocation was due to the August 2007
46.29 floods, and the owner furnishes the assessor any information deemed necessary by the
46.30 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
46.31 owner must notify the assessor by December 1, 2008. Further notifications to the assessor

47.1 are not required if the property continues to meet all the requirements in this paragraph and
47.2 any dwellings on the agricultural land remain uninhabited.

47.3 (j) Agricultural land and buildings that were class 2a homestead property under section
47.4 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
47.5 agricultural homesteads for subsequent assessments if:

47.6 (1) the property owner abandoned the homestead dwelling located on the agricultural
47.7 homestead as a result of the March 2009 floods;

47.8 (2) the property is located in the county of Marshall;

47.9 (3) the agricultural land and buildings remain under the same ownership for the current
47.10 assessment year as existed for the 2008 assessment year and continue to be used for
47.11 agricultural purposes;

47.12 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles
47.13 of one of the parcels of agricultural land that is owned by the taxpayer; and

47.14 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,
47.15 and the owner furnishes the assessor any information deemed necessary by the assessor in
47.16 verifying the change in dwelling. Further notifications to the assessor are not required if the
47.17 property continues to meet all the requirements in this paragraph and any dwellings on the
47.18 agricultural land remain uninhabited.

47.19 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
47.20 filed in 2022 and thereafter.

47.21 Sec. 7. Minnesota Statutes 2020, section 273.1245, subdivision 1, is amended to read:

47.22 Subdivision 1. **Private or nonpublic data.** The following data are private or nonpublic
47.23 data as defined in section 13.02, subdivisions 9 and 12, when they are submitted to a county
47.24 or local assessor under section 273.124, 273.13, or another section, to support a claim for
47.25 the property tax homestead classification under section 273.13, or other property tax
47.26 classification or benefit:

47.27 (1) Social Security numbers;

47.28 (2) individual tax identification numbers;

47.29 ~~(2)~~(3) copies of state or federal income tax returns; and

47.30 ~~(3)~~(4) state or federal income tax return information, including the federal income tax
47.31 schedule F.

48.1 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
48.2 filed in 2022 and thereafter.

48.3 Sec. 8. Minnesota Statutes 2021 Supplement, section 273.13, subdivision 23, is amended
48.4 to read:

48.5 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land
48.6 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class
48.7 2a land under the same ownership. The market value of the house and garage and immediately
48.8 surrounding one acre of land has the same classification rates as class 1a or 1b property
48.9 under subdivision 22. The value of the remaining land including improvements up to the
48.10 first tier valuation limit of agricultural homestead property has a classification rate of 0.5
48.11 percent of market value. The remaining property over the first tier has a classification rate
48.12 of one percent of market value. For purposes of this subdivision, the "first tier valuation
48.13 limit of agricultural homestead property" and "first tier" means the limit certified under
48.14 section 273.11, subdivision 23.

48.15 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that
48.16 are agricultural land and buildings. Class 2a property has a classification rate of one percent
48.17 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a
48.18 property must also include any property that would otherwise be classified as 2b, but is
48.19 interspersed with class 2a property, including but not limited to sloughs, wooded wind
48.20 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,
48.21 and other similar land that is impractical for the assessor to value separately from the rest
48.22 of the property or that is unlikely to be able to be sold separately from the rest of the property.

48.23 An assessor may classify the part of a parcel described in this subdivision that is used
48.24 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

48.25 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that
48.26 are unplatte real estate, rural in character and not used for agricultural purposes, including
48.27 land used for growing trees for timber, lumber, and wood and wood products, that is not
48.28 improved with a structure. The presence of a minor, ancillary nonresidential structure as
48.29 defined by the commissioner of revenue does not disqualify the property from classification
48.30 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not
48.31 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be
48.32 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled
48.33 in the sustainable forest management incentive program under chapter 290C, the number
48.34 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary

49.1 nonresidential structure must equal three acres or the number of acres excluded from the
49.2 sustainable forest incentive act covenant due to the structure, whichever is greater. Class
49.3 2b property has a classification rate of one percent of market value unless it is part of an
49.4 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

49.5 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
49.6 acres statewide per taxpayer that is being managed under a forest management plan that
49.7 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource
49.8 management incentive program. It has a classification rate of .65 percent, provided that the
49.9 owner of the property must apply to the assessor in order for the property to initially qualify
49.10 for the reduced rate and provide the information required by the assessor to verify that the
49.11 property qualifies for the reduced rate. If the assessor receives the application and information
49.12 before May 1 in an assessment year, the property qualifies beginning with that assessment
49.13 year. If the assessor receives the application and information after April 30 in an assessment
49.14 year, the property may not qualify until the next assessment year. The commissioner of
49.15 natural resources must concur that the land is qualified. The commissioner of natural
49.16 resources shall annually provide county assessors verification information on a timely basis.
49.17 The presence of a minor, ancillary nonresidential structure as defined by the commissioner
49.18 of revenue does not disqualify the property from classification under this paragraph.

49.19 (e) Agricultural land as used in this section means:

49.20 (1) contiguous acreage of ten acres or more, used during the preceding year for
49.21 agricultural purposes; or

49.22 (2) contiguous acreage used during the preceding year for an intensive livestock or
49.23 poultry confinement operation, provided that land used only for pasturing or grazing does
49.24 not qualify under this clause.

49.25 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
49.26 storage of agricultural products for sale, or the storage of machinery or equipment used in
49.27 support of agricultural production by the same farm entity. For a property to be classified
49.28 as agricultural based only on the drying or storage of agricultural products, the products
49.29 being dried or stored must have been produced by the same farm entity as the entity operating
49.30 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local
49.31 conservation program or the Reinvest in Minnesota program under sections 103F.501 to
49.32 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198
49.33 or a similar state or federal conservation program if the property was classified as agricultural
49.34 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying

50.1 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use
50.2 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,
50.3 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For
50.4 purposes of this section, a "local conservation program" means a program administered by
50.5 a town, statutory or home rule charter city, or county, including a watershed district, water
50.6 management organization, or soil and water conservation district, in which landowners
50.7 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in
50.8 exchange for use or other restrictions placed on the land. In order for property to qualify
50.9 under the local conservation program provision, a taxpayer must apply to the assessor by
50.10 February 1 of the assessment year and must submit the information required by the assessor,
50.11 including but not limited to a copy of the program requirements, the specific agreement
50.12 between the land owner and the local agency, if applicable, and a map of the conservation
50.13 area. Agricultural classification shall not be based upon the market value of any residential
50.14 structures on the parcel or contiguous parcels under the same ownership.

50.15 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous
50.16 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion
50.17 of, a set of contiguous tax parcels under that section that are owned by the same person.

50.18 (f) Agricultural land under this section also includes:

50.19 (1) contiguous acreage that is less than ten acres in size and exclusively used in the
50.20 preceding year for raising or cultivating agricultural products; or

50.21 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the
50.22 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was
50.23 used in the preceding year for one or more of the following three uses:

50.24 (i) for an intensive grain drying or storage operation, or for intensive machinery or
50.25 equipment storage activities used to support agricultural activities on other parcels of property
50.26 operated by the same farming entity;

50.27 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock
50.28 are considered agricultural land; or

50.29 (iii) for intensive market farming; for purposes of this paragraph, "market farming"
50.30 means the cultivation of one or more fruits or vegetables or production of animal or other
50.31 agricultural products for sale to local markets by the farmer or an organization with which
50.32 the farmer is affiliated.

51.1 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as
51.2 described in section 272.193, or all of a set of contiguous tax parcels under that section that
51.3 are owned by the same person.

51.4 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use
51.5 of that property is the leasing to, or use by another person for agricultural purposes.

51.6 Classification under this subdivision is not determinative for qualifying under section
51.7 273.111.

51.8 (h) The property classification under this section supersedes, for property tax purposes
51.9 only, any locally administered agricultural policies or land use restrictions that define
51.10 minimum or maximum farm acreage.

51.11 (i) The term "agricultural products" as used in this subdivision includes production for
51.12 sale of:

51.13 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing
51.14 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,
51.15 and apiary products by the owner;

51.16 (2) aquacultural products for sale and consumption, as defined under section 17.47, if
51.17 the aquaculture occurs on land zoned for agricultural use;

51.18 (3) the commercial boarding of horses, which may include related horse training and
51.19 riding instruction, if the boarding is done on property that is also used for raising pasture
51.20 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

51.21 (4) property which is owned and operated by nonprofit organizations used for equestrian
51.22 activities, excluding racing;

51.23 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
51.24 97A.105, provided that the annual licensing report to the Department of Natural Resources,
51.25 which must be submitted annually by March 30 to the assessor, indicates that at least 500
51.26 birds were raised or used for breeding stock on the property during the preceding year and
51.27 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
51.28 shooting preserve licensed under section 97A.115;

51.29 (6) insects primarily bred to be used as food for animals;

51.30 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold
51.31 for timber, lumber, wood, or wood products; and

52.1 (8) maple syrup taken from trees grown by a person licensed by the Minnesota
52.2 Department of Agriculture under chapter 28A as a food processor; and

52.3 (9) hemp.

52.4 (j) If a parcel used for agricultural purposes is also used for commercial or industrial
52.5 purposes, including but not limited to:

52.6 (1) wholesale and retail sales;

52.7 (2) processing of raw agricultural products or other goods;

52.8 (3) warehousing or storage of processed goods; and

52.9 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
52.10 (3), the assessor shall classify the part of the parcel used for agricultural purposes as class
52.11 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

52.12 The grading, sorting, and packaging of raw agricultural products for first sale is considered
52.13 an agricultural purpose. A greenhouse or other building where horticultural or nursery
52.14 products are grown that is also used for the conduct of retail sales must be classified as
52.15 agricultural if it is primarily used for the growing of horticultural or nursery products from
52.16 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.
52.17 Use of a greenhouse or building only for the display of already grown horticultural or nursery
52.18 products does not qualify as an agricultural purpose.

52.19 (k) The assessor shall determine and list separately on the records the market value of
52.20 the homestead dwelling and the one acre of land on which that dwelling is located. If any
52.21 farm buildings or structures are located on this homesteaded acre of land, their market value
52.22 shall not be included in this separate determination.

52.23 (l) Class 2d airport landing area consists of a landing area or public access area of a
52.24 privately owned public use airport. It has a classification rate of one percent of market value.
52.25 To qualify for classification under this paragraph, a privately owned public use airport must
52.26 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing
52.27 area" means that part of a privately owned public use airport properly cleared, regularly
52.28 maintained, and made available to the public for use by aircraft and includes runways,
52.29 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing
52.30 area also includes land underlying both the primary surface and the approach surfaces that
52.31 comply with all of the following:

53.1 (i) the land is properly cleared and regularly maintained for the primary purposes of the
53.2 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities
53.3 for servicing, repair, or maintenance of aircraft is not included as a landing area;

53.4 (ii) the land is part of the airport property; and

53.5 (iii) the land is not used for commercial or residential purposes.

53.6 The land contained in a landing area under this paragraph must be described and certified
53.7 by the commissioner of transportation. The certification is effective until it is modified, or
53.8 until the airport or landing area no longer meets the requirements of this paragraph. For
53.9 purposes of this paragraph, "public access area" means property used as an aircraft parking
53.10 ramp, apron, or storage hangar, or an arrival and departure building in connection with the
53.11 airport.

53.12 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively
53.13 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not
53.14 located in a county that has elected to opt-out of the aggregate preservation program as
53.15 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of
53.16 market value. To qualify for classification under this paragraph, the property must be at
53.17 least ten contiguous acres in size and the owner of the property must record with the county
53.18 recorder of the county in which the property is located an affidavit containing:

53.19 (1) a legal description of the property;

53.20 (2) a disclosure that the property contains a commercial aggregate deposit that is not
53.21 actively being mined but is present on the entire parcel enrolled;

53.22 (3) documentation that the conditional use under the county or local zoning ordinance
53.23 of this property is for mining; and

53.24 (4) documentation that a permit has been issued by the local unit of government or the
53.25 mining activity is allowed under local ordinance. The disclosure must include a statement
53.26 from a registered professional geologist, engineer, or soil scientist delineating the deposit
53.27 and certifying that it is a commercial aggregate deposit.

53.28 For purposes of this section and section 273.1115, "commercial aggregate deposit"
53.29 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as
53.30 a construction aggregate; and "actively mined" means the removal of top soil and overburden
53.31 in preparation for excavation or excavation of a commercial deposit.

53.32 (n) When any portion of the property under this subdivision or subdivision 22 begins to
53.33 be actively mined, the owner must file a supplemental affidavit within 60 days from the

54.1 day any aggregate is removed stating the number of acres of the property that is actively
54.2 being mined. The acres actively being mined must be (1) valued and classified under
54.3 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate
54.4 resource preservation property tax program under section 273.1115, if the land was enrolled
54.5 in that program. Copies of the original affidavit and all supplemental affidavits must be
54.6 filed with the county assessor, the local zoning administrator, and the Department of Natural
54.7 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
54.8 time a subsequent portion of the property is actively mined, provided that the minimum
54.9 acreage change is five acres, even if the actual mining activity constitutes less than five
54.10 acres.

54.11 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not
54.12 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in
54.13 section 14.386 concerning exempt rules do not apply.

54.14 **EFFECTIVE DATE.** This section is effective for assessment year 2023 and thereafter.

54.15 Sec. 9. Minnesota Statutes 2020, section 273.1315, subdivision 2, is amended to read:

54.16 **Subd. 2. Class 1b homestead declaration 2009 and thereafter.** (a) Any property owner
54.17 seeking classification and assessment of the owner's homestead as class 1b property pursuant
54.18 to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the
54.19 county assessor a class 1b homestead declaration, on a form prescribed by the commissioner
54.20 of revenue. The declaration must contain the following information:

54.21 (1) the information necessary to verify that, on or before June 30 of the filing year, the
54.22 property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision
54.23 22, paragraph (b), for class 1b classification; and

54.24 (2) any additional information prescribed by the commissioner.

54.25 (b) The declaration must be filed on or before October 1 to be effective for property
54.26 taxes payable during the succeeding calendar year. The Social Security numbers, individual
54.27 tax identification numbers, and income and medical information received from the property
54.28 owner pursuant to this subdivision are private data on individuals as defined in section
54.29 13.02. If approved by the assessor, the declaration remains in effect until the property no
54.30 longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the
54.31 assessor within 30 days that the property no longer qualifies under that paragraph because
54.32 of a sale, change in occupancy, or change in the status or condition of an occupant shall
54.33 result in the penalty provided in section 273.124, subdivision 13b, computed on the basis

55.1 of the class 1b benefits for the property, and the property shall lose its current class 1b
55.2 classification.

55.3 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
55.4 filed in 2022 and thereafter.

55.5 Sec. 10. Minnesota Statutes 2020, section 290B.03, subdivision 1, is amended to read:

55.6 **Subdivision 1. Program qualifications.** The qualifications for the senior citizens'
55.7 property tax deferral program are as follows:

55.8 (1) the property must be owned and occupied as a homestead by a person 65 years of
55.9 age or older. In the case of a married couple, at least one of the spouses must be at least 65
55.10 years old at the time the first property tax deferral is granted, regardless of whether the
55.11 property is titled in the name of one spouse or both spouses, or titled in another way that
55.12 permits the property to have homestead status, and the other spouse must be at least 62 years
55.13 of age;

55.14 (2) the total household income of the qualifying homeowners, as defined in section
55.15 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
55.16 may not exceed \$60,000 \$75,000;

55.17 (3) the homestead must have been owned and occupied as the homestead of at least one
55.18 of the qualifying homeowners for at least 15 years prior to the year the initial application
55.19 is filed;

55.20 (4) there are no state or federal tax liens or judgment liens on the homesteaded property;

55.21 (5) there are no mortgages or other liens on the property that secure future advances,
55.22 except for those subject to credit limits that result in compliance with clause (6); and

55.23 (6) the total unpaid balances of debts secured by mortgages and other liens on the
55.24 property, including unpaid and delinquent special assessments and interest and any delinquent
55.25 property taxes, penalties, and interest, but not including property taxes payable during the
55.26 year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision
55.27 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

55.28 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
55.29 taxes payable in 2023 and thereafter.

56.1 Sec. 11. Minnesota Statutes 2020, section 290B.04, subdivision 3, is amended to read:

56.2 **Subd. 3. Excess-income certification by taxpayer.** A taxpayer whose initial application
56.3 has been approved under subdivision 2 shall notify the commissioner of revenue in writing
56.4 by July 1 if the taxpayer's household income for the preceding calendar year exceeded
56.5 ~~\$60,000~~ \$75,000. The certification must state the homeowner's total household income for
56.6 the previous calendar year. No property taxes may be deferred under this chapter in any
56.7 year following the year in which a program participant filed or should have filed an
56.8 excess-income certification under this subdivision, unless the participant has filed a
56.9 resumption of eligibility certification as described in subdivision 4.

56.10 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
56.11 taxes payable in 2023 and thereafter.

56.12 Sec. 12. Minnesota Statutes 2020, section 290B.04, subdivision 4, is amended to read:

56.13 **Subd. 4. Resumption of eligibility certification by taxpayer.** A taxpayer who has
56.14 previously filed an excess-income certification under subdivision 3 may resume program
56.15 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000
56.16 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify
56.17 the commissioner of revenue in writing by July 1 of the year following a calendar year in
56.18 which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must
56.19 state the taxpayer's total household income for the previous calendar year. Once a taxpayer
56.20 resumes participation in the program under this subdivision, participation will continue until
56.21 the taxpayer files a subsequent excess-income certification under subdivision 3 or until
56.22 participation is terminated under section 290B.08, subdivision 1.

56.23 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
56.24 taxes payable in 2023 and thereafter.

56.25 Sec. 13. Minnesota Statutes 2020, section 290B.05, subdivision 1, is amended to read:

56.26 **Subdivision 1. Determination by commissioner.** The commissioner shall determine
56.27 each qualifying homeowner's "annual maximum property tax amount" following approval
56.28 of the homeowner's initial application and following the receipt of a resumption of eligibility
56.29 certification. The "annual maximum property tax amount" equals three percent of the
56.30 homeowner's total household income for the year preceding either the initial application or
56.31 the resumption of eligibility certification, whichever is applicable. Following approval of
56.32 the initial application, the commissioner shall determine the qualifying homeowner's
56.33 "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment

57.1 year for any homeowner whose total household income for the previous year exceeds
57.2 ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in which the homeowner does not
57.3 meet the program qualifications in section 290B.03. The maximum allowable total deferral
57.4 is equal to 75 percent of the assessor's estimated market value for the year, less the balance
57.5 of any mortgage loans and other amounts secured by liens against the property at the time
57.6 of application, including any unpaid and delinquent special assessments and interest and
57.7 any delinquent property taxes, penalties, and interest, but not including property taxes
57.8 payable during the year.

57.9 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
57.10 taxes payable in 2023 and thereafter.

ARTICLE 5

PUBLIC SAFETY AID

57.13 Section 1. **[477A.0127] PUBLIC SAFETY AID.**

57.14 **Subdivision 1. Definitions.** For purposes of this section, the following terms have the
57.15 meanings given:

57.16 (1) "City" means a statutory or home rule charter city that directly employs at least one
57.17 peace officer as defined by section 477C.01, subdivision 7, clauses (1) and (3) to (4).

57.18 (2) "City per capita aid amount" equals the amount appropriated to every city by
57.19 subdivision 7, divided by the total population of every city.

57.20 (3) "County per capita aid amount" equals the amount appropriated to counties and
57.21 Tribal governments by subdivision 7, divided by the sum of the total population of every
57.22 county plus the total Tribal population but excluding the total population of every city.

57.23 (4) "Population" means population estimates made or conducted by the United States
57.24 Bureau of the Census, the Metropolitan Council pursuant to section 473.24, or by the state
57.25 demographer pursuant to section 4A.02, paragraph (d), whichever is the most recent estimate
57.26 and available as of January 1 of the year in which the aid is calculated.

57.27 (5) "Tribal governments" has the meaning given to "Minnesota Tribal governments" in
57.28 section 10.65, subdivision 2.

57.29 (6) "Tribal population" means population estimates made or conducted by the United
57.30 States Bureau of the Census of the federally recognized American Indian reservations and
57.31 off-reservation trust lands in Minnesota, whichever is the most recent estimate and available
57.32 as of January 1 of the year in which the aid is calculated.

58.1 Subd. 2. Purpose. The purpose of this section is to provide property tax relief and
58.2 ongoing financial support to counties, Tribal governments, and cities to aid in the funding
58.3 and providing of public safety.

58.4 Subd. 3. Distribution. The commissioner of revenue will distribute payments under this
58.5 section as follows:

58.6 (1) A county's public safety aid amount equals:

58.7 (i) the county's population minus the total population of every city located in that county,
58.8 times;

58.9 (ii) the county per capita aid amount.

58.10 (2) A Tribal government's public safety aid amount equals:

58.11 (i) the Tribe's population times;

58.12 (ii) the county per capita aid amount.

58.13 (3) A city's public safety aid amount equals:

58.14 (i) the city's population times;

58.15 (ii) the city per capita aid amount.

58.16 Subd. 4. Certifications to commissioner. The commissioner of public safety must

58.17 certify to the commissioner of revenue, on or before June 1 each year, each city that meets
58.18 the definition of city in subdivision 1 as of January 1 of the aid calculation year.

58.19 Subd. 5. Use of proceeds. (a) Counties, Tribal governments, and cities that receive a
58.20 distribution under this section must use the proceeds to provide public safety. Use of proceeds
58.21 may include, but is not limited to, paying personnel and equipment costs.

58.22 (b) Counties must consult with their county sheriff in determining how to use the
58.23 proceeds.

58.24 (c) Counties, Tribal governments, and cities that receive a distribution under this section
58.25 may not apply the proceeds toward:

58.26 (1) their employer contribution to the public employees police and fire fund, if that
58.27 county, Tribal government, or city received police state aid under chapter 477C in the year
58.28 immediately prior to a distribution under this section; or

58.29 (2) any costs associated with alleged wrongdoing or misconduct.

59.1 Subd. 6. Payments. The commissioner of revenue must calculate the amount of public
59.2 safety aid payable to each county, Tribal government, and city under this section. On or
59.3 before August 1 each year, the commissioner must certify the amount to be paid to each
59.4 county, Tribal government, and city in the following year. The commissioner must distribute
59.5 public safety aid in the same manner and at the same times as aid payments under section
59.6 477A.015. For aid payable in 2022 only, the commissioner shall certify the amount to be
59.7 paid in 2022 to each county, Tribal government, and city by August 1, 2022, and the full
59.8 2022 payment to the counties, Tribal governments, and cities must be made at the time
59.9 provided in section 477A.015 for the second installment of local government aid.

59.10 Subd. 7. Appropriation. \$100,000,000 is annually appropriated from the general fund
59.11 to the commissioner of revenue to make payments required under this section as follows:
59.12 (1) \$30,000,000 to counties and Tribal governments; and (2) \$70,000,000 to cities.

59.13 Subd. 8. Redistribution of a city's public safety aid to a county. (a) Any statutory or
59.14 home rule charter city that receives a distribution under this section when that statutory or
59.15 home rule charter city did not meet the definition of city as defined in subdivision 1 shall
59.16 redistribute those payments to the county where the statutory or home rule charter city is
59.17 located.

59.18 (b) If a statutory or home rule charter city that must redistribute aid under paragraph (a)
59.19 is located in two or more counties, that statutory or home rule charter city shall redistribute
59.20 aid payments proportionally to each county where it is located based on the share of
59.21 population in each county, as population is defined in subdivision 1.

59.22 Subd. 9. Aid amount corrections. If, due to a clerical error, the amount certified by the
59.23 commissioner to a county, Tribal government, or city is less than the amount to which the
59.24 county, Tribal government, or city is entitled pursuant to this section, the commissioner of
59.25 revenue shall distribute additional aid payments in the same manner as additional aid
59.26 payments are made under section 477A.014. The additional payments shall be paid from
59.27 the general fund and shall not diminish the distributions made to other counties, Tribal
59.28 governments, and cities under this section.

59.29 EFFECTIVE DATE. This section is effective beginning with aid payable in 2022 and
59.30 thereafter.

ARTICLE 6**SOIL AND WATER CONSERVATION DISTRICT AID****Section 1. [477A.23] SOIL AND WATER CONSERVATION DISTRICT AID.**

Subdivision 1. Definitions. For purposes of this section, the following terms have the meanings given:

(1) "nonpublic land" means tract, lot, parcel, and piece or parcel of land as defined by section 272.03, subdivision 6, that is not owned by the federal government, the state, or a local government unit; and

(2) "soil and water conservation district" means a district under chapter 103C that is implementing the duties under that chapter as determined by the Board of Water and Soil Resources as of the date the board provides the certification to the commissioner of revenue required by subdivision 4.

Subd. 2. Purpose. The purpose of this section is to provide ongoing financial support to soil and water conservation districts to aid in the execution of chapter 103C and other duties and services prescribed by statute.

Subd. 3. Distribution. The Board of Water and Soil Resources must calculate the amount of aid to be distributed to the certified soil and water conservation districts from the appropriation in subdivision 7 as follows:

(1) 70 percent of the appropriation must be distributed equally among the districts; and

(2) 30 percent of the appropriation must be distributed proportionally among the districts according to the amount of nonpublic land located in a district as compared to the amount of nonpublic land in the state.

Subd. 4. Certification to commissioner. On or before June 1 each year, the Board of Water and Soil Resources must certify to the commissioner of revenue the soil and water conservation districts that will receive a payment under this section and the amount of each payment.

Subd. 5. Use of proceeds. (a) Notwithstanding section 103C.401, subdivision 2, a soil and water conservation district that receives a distribution under this section must use the proceeds to implement chapter 103C and other duties and services prescribed by statute.

(b) The board of each soil and water conservation district must establish, by resolution, annual guidelines for using payments received under this section. Current year guidelines and guidelines from the year immediately prior must be posted on the district website.

(c) A soil and water conservation district that receives a payment under this section may appropriate any portion of the payment to a governmental unit with which the district has a cooperative agreement under section 103C.231. Any payment received under this section and appropriated by the district must be used as required by this section.

Subd. 6. **Payments.** The commissioner of revenue must distribute soil and water conservation district aid in the same manner and at the same times as aid payments provided under section 477A.015.

Subd. 7. **Appropriation.** \$22,000,000 is annually appropriated from the general fund to the commissioner of revenue to make the payments required under his section.

Subd. 8. Aid amount corrections. If, due to a clerical error, the amount certified by the Board of Soil and Water Resources to a soil and water conservation district is less than the amount to which the district is entitled under this section, the Board of Water and Soil Resources shall recertify the correct amount to the commissioner of revenue and communicate the error and the corrected amount to the affected soil and water conservation district as soon as practical after the error is discovered. The commissioner of revenue shall then distribute additional aid payments in the same manner as additional aid payments are made under section 477A.014. The additional aid payments shall be made from the general fund and shall not diminish the distributions made to other soil and water conservation districts under this section.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2022 and thereafter.

Sec. 2. Laws 2021, First Special Session chapter 1, article 2, section 6, is amended to read:

**Sec. 6. BOARD OF WATER AND SOIL
RESOURCES** \$ **68,584,000** \$ **73,216,000**

(a) \$21,197,000 the first year and \$22,367,000 the second year are for performance-based grants with multiyear implementation plans to local government units. The grants may be used to implement projects that protect, enhance, and restore surface water quality in lakes, rivers, and streams; protect groundwater from degradation; and protect drinking water sources. Projects must be identified in a comprehensive watershed plan developed

62.1 under the One Watershed, One Plan and
62.2 seven-county metropolitan groundwater or
62.3 surface water management frameworks as
62.4 provided for in Minnesota Statutes, chapters
62.5 103B, 103C, 103D, and 114D. Grant recipients
62.6 must identify a nonstate match and may use
62.7 other legacy funds to supplement projects
62.8 funded under this paragraph. This
62.9 appropriation may be used for:

62.10 (1) implementation grants to watershed
62.11 planning areas with approved plans, including
62.12 but not limited to Buffalo-Red River, Cannon
62.13 River, Cedar River, Clearwater River, Des
62.14 Moines River, Hawk Creek, Lac qui Parle
62.15 Yellow Bank, Lake of the Woods, Lake
62.16 Superior North, Le Seuer River, Leech Lake
62.17 River, Long Prairie River, Lower Minnesota
62.18 River North, Lower Minnesota River West,
62.19 Lower Minnesota River South, Lower St.
62.20 Croix River, Marsh and Wild Rice, Middle
62.21 Snake Tamarack Rivers, Mississippi East,
62.22 Mississippi River Headwaters, Mississippi
62.23 West, Missouri River Basin, Mustinka/Bois
62.24 de Sioux, Nemadji River, North Fork Crow
62.25 River, Otter Tail, Pine River, Pomme de Terre
62.26 River, Red Lake River, Redeye River, Root
62.27 River, Rum River, Sauk River, Shell Rock
62.28 River/Winnebago Watershed, Snake River,
62.29 South Fork Crow River, St. Louis River, Thief
62.30 River, Two Rivers Plus, Vermillion,
62.31 Watonwan River, Winona La Crescent,
62.32 Yellow Medicine River, and Zumbro River;
62.33 (2) seven-county metropolitan groundwater
62.34 or surface water management frameworks;
62.35 and

63.1 (3) other comprehensive watershed
63.2 management plan planning areas that have a
63.3 board-approved and local-government-adopted
63.4 plan as authorized in Minnesota Statutes,
63.5 section 103B.801.

63.6 The board may determine whether a planning
63.7 area is not ready to proceed, does not have the
63.8 nonstate match committed, or has not
63.9 expended all money granted to it. Upon
63.10 making the determination, the board may
63.11 allocate a grant's proposed or unexpended
63.12 allocation to another planning area to
63.13 implement priority projects, programs, or
63.14 practices.

63.15 (b) \$10,762,000 the first year and \$11,504,000
63.16 the second year are for grants to local
63.17 government units to protect and restore surface
63.18 water and drinking water; to keep water on
63.19 the land; to protect, enhance, and restore water
63.20 quality in lakes, rivers, and streams; and to
63.21 protect groundwater and drinking water,
63.22 including feedlot water quality and subsurface
63.23 sewage treatment system projects and stream
63.24 bank, stream channel, shoreline restoration,
63.25 and ravine stabilization projects. The projects
63.26 must use practices demonstrated to be
63.27 effective, be of long-lasting public benefit,
63.28 include a match, and be consistent with total
63.29 maximum daily load (TMDL) implementation
63.30 plans, watershed restoration and protection
63.31 strategies (WRAPS), or local water
63.32 management plans or their equivalents. Up to
63.33 20 percent of this appropriation is available
63.34 for land-treatment projects and practices that
63.35 benefit drinking water.

64.1 (c) \$4,841,000 the first year and \$4,841,000
64.2 the second year are for accelerated
64.3 implementation, local resource protection,
64.4 enhancement grants, statewide analytical
64.5 targeting or technology tools that fill an
64.6 identified gap, program enhancements for
64.7 technical assistance, citizen and community
64.8 outreach, compliance, and training and
64.9 certification.

64.10 (d) \$1,250,000 the first year and \$1,250,000
64.11 the second year are:

64.12 (1) to provide state oversight and
64.13 accountability, evaluate and communicate
64.14 results, provide implementation tools, and
64.15 measure the value of conservation program
64.16 implementation by local governments; and

64.17 (2) to prepare, in consultation with the
64.18 commissioners of natural resources, health,
64.19 agriculture, and the Pollution Control Agency,
64.20 and submit to the legislature by March 1 each
64.21 even-numbered year a biennial report detailing
64.22 the recipients and projects funded under this
64.23 section and the amount of pollution reduced.

64.24 (e) \$1,936,000 the first year and \$1,936,000
64.25 the second year are to provide assistance,
64.26 oversight, and grants for supporting local
64.27 governments in implementing and complying
64.28 with riparian protection and excessive soil loss
64.29 requirements.

64.30 (f) \$1,936,000 the first year and \$1,936,000
64.31 the second year are to develop a pilot working
64.32 lands floodplain program and to purchase,
64.33 restore, or preserve riparian land and
64.34 floodplains adjacent to lakes, rivers, streams,

65.1 and tributaries, by conservation easements or
65.2 contracts to keep water on the land, to decrease
65.3 sediment, pollutant, and nutrient transport;
65.4 reduce hydrologic impacts to surface waters;
65.5 and increase infiltration for groundwater
65.6 recharge. Up to \$180,000 is for deposit in a
65.7 monitoring and enforcement account.

65.8 (g) \$2,500,000 the first year and \$2,500,000
65.9 the second year are for permanent
65.10 conservation easements on wellhead protection
65.11 areas under Minnesota Statutes, section
65.12 103F.515, subdivision 2, paragraph (d), or for
65.13 grants to local units of government for fee title
65.14 acquisition to permanently protect
65.15 groundwater supply sources on wellhead
65.16 protection areas or for otherwise ensuring
65.17 long-term protection of groundwater supply
65.18 sources as described under alternative
65.19 management tools in the Department of
65.20 Agriculture *Minnesota Nitrogen Fertilizer*
65.21 *Management Plan*, including using
65.22 low-nitrogen cropping systems or
65.23 implementing nitrogen fertilizer best
65.24 management practices. Priority must be placed
65.25 on land that is located where the vulnerability
65.26 of the drinking water supply is designated as
65.27 high or very high by the commissioner of
65.28 health, where drinking water protection plans
65.29 have identified specific activities that will
65.30 achieve long-term protection, and on lands
65.31 with expiring conservation reserve program
65.32 contracts. Up to \$250,000 is for deposit in a
65.33 monitoring and enforcement account.

65.34 (h) \$42,000 the first year and \$42,000 the
65.35 second year are for a technical evaluation

66.1 panel to conduct ten restoration evaluations
66.2 under Minnesota Statutes, section 114D.50,
66.3 subdivision 6.

66.4 (i) \$2,904,000 the first year and \$2,904,000
66.5 the second year are for assistance, oversight,
66.6 and grants to local governments to transition
66.7 local water management plans to a watershed
66.8 approach as provided for in Minnesota
66.9 Statutes, section 103B.801.

66.10 (j) \$850,000 the first year and \$850,000 the
66.11 second year are for technical assistance and
66.12 grants for the conservation drainage program,
66.13 in consultation with the Drainage Work Group,
66.14 coordinated under Minnesota Statutes, section
66.15 103B.101, subdivision 13, and including
66.16 projects to improve multipurpose water
66.17 management under Minnesota Statutes, section
66.18 103E.015.

66.19 (k) \$1,771,000 the first year and \$3,829,000
66.20 the second year are to purchase and restore
66.21 permanent conservation sites via easements
66.22 or contracts to treat and store water on the land
66.23 for water quality improvement purposes and
66.24 related technical assistance. This work may
66.25 be done in cooperation with the United States
66.26 Department of Agriculture with a first-priority
66.27 use to accomplish a conservation reserve
66.28 enhancement program, or equivalent, in the
66.29 state. Up to \$280,000 is for deposit in a
66.30 monitoring and enforcement account. This
66.31 appropriation is available until June 30, 2028.

66.32 (l) \$1,234,000 the first year and \$1,234,000
66.33 the second year are to purchase permanent
66.34 conservation easements to protect lands
66.35 adjacent to public waters that have good water

67.1 quality but that are threatened with
67.2 degradation. Up to \$300,000 is for deposit in
67.3 a monitoring and enforcement account.

67.4 (m) \$362,000 the first year and \$362,000 the
67.5 second year are for grants or contracts for a
67.6 program to systematically collect data and
67.7 produce county, watershed, and statewide
67.8 estimates of soil erosion caused by water and
67.9 wind, along with tracking adoption of
67.10 conservation measures, including cover crops,
67.11 to address erosion. This appropriation may be
67.12 used for grants to or contracts with the
67.13 University of Minnesota to complete this
67.14 work.

67.15 (n) \$400,000 the first year and \$600,000 the
67.16 second year are for developing and
67.17 implementing a water legacy grant program
67.18 to expand partnerships for clean water.

67.19 (o) \$2,599,000 the first year and \$3,061,000
67.20 the second year are for permanent
67.21 conservation easements to protect and restore
67.22 wetlands and associated uplands. Up to
67.23 \$280,000 is for deposit in a monitoring and
67.24 enforcement account.

67.25 (p) \$2,000,000 the first year and \$2,000,000
67.26 the second year are for grants to farmers who
67.27 own or rent land to enhance adoption of cover
67.28 crops and other soil health practices in areas
67.29 where there are direct benefits to public water
67.30 supplies. Up to \$400,000 is for an agreement
67.31 with the University of Minnesota Office for
67.32 Soil Health for applied research and education
67.33 on Minnesota's agroecosystems and soil health
67.34 management systems.

68.1 (q) \$12,000,000 the first year and \$12,000,000
68.2 ~~the second year are is~~ for payments to soil and
68.3 water conservation districts for the purposes
68.4 of Minnesota Statutes, sections 103C.321 and
68.5 103C.331. From this appropriation, each soil
68.6 and water conservation district shall receive
68.7 an increase in its base funding of \$100,000
68.8 per year. Money remaining after the base
68.9 increase is available for grants to soil and
68.10 water conservation districts as determined by
68.11 the board based on county allocations to soil
68.12 and water conservation districts and the
68.13 amount of private land and public waters. The
68.14 board and other agencies may reduce the
68.15 amount of grants to a county by an amount
68.16 equal to any reduction in the county's
68.17 allocation to a soil and water conservation
68.18 district from the county's previous year
68.19 allocation when the board determines that the
68.20 reduction was disproportionate. The board
68.21 may use up to two percent for the
68.22 administration of payments.

68.23 (r) The board, in consultation with an advisory
68.24 group consisting of one representative from
68.25 the Department of Natural Resources, one
68.26 representative from the Association of
68.27 Minnesota Counties, one representative from
68.28 Friends of the Minnesota Valley, and one
68.29 representative from the Red River Watershed
68.30 Management Board, must study the
68.31 development, implementation, and funding of
68.32 a statewide river watch program. By January
68.33 15, 2022, the board must submit a report with
68.34 recommendations and proposed legislation to
68.35 the chairs and ranking minority members of

69.1 the house of representatives and senate
69.2 environment finance and legacy committees.

69.3 (s) The board must contract for delivery of
69.4 services with Conservation Corps Minnesota
69.5 for restoration, maintenance, and other
69.6 activities under this section for up to \$750,000
69.7 the first year and up to \$750,000 the second
69.8 year.

69.9 (t) The board may shift grant, cost-share, or
69.10 easement funds in this section and may adjust
69.11 the technical and administrative assistance
69.12 portion of the funds to leverage federal or
69.13 other nonstate funds or to address oversight
69.14 responsibilities or high-priority needs
69.15 identified in local water management plans.

69.16 (u) The board must require grantees to specify
69.17 the outcomes that will be achieved by the
69.18 grants before making any grant awards.

69.19 (v) The appropriations in this section are
69.20 available until June 30, 2026, except grant
69.21 funds are available for five years after the date
69.22 a grant is executed. Returned grant funds must
69.23 be regranted consistent with the purposes of
69.24 this section.

69.25 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2022 and
69.26 thereafter.

ARTICLE 7

MISCELLANEOUS

69.29 Section 1. **DIRECT PAYMENT; APPROPRIATION.**

69.30 (a) The following individuals are eligible for a direct payment:

70.1 (1) an individual who was a resident of Minnesota, as defined in Minnesota Statutes,
70.2 section 290.01, subdivision 7, for any part of 2020, and filed a 2020 Minnesota individual
70.3 income tax return by October 15, 2021; and

70.4 (2) an individual who was eligible for and who filed a claim for refund by December
70.5 31, 2021, under Minnesota Statutes, chapter 290A.04, subdivision 2, for property taxes
70.6 payable in 2021 or subdivision 3, for rent constituting property taxes paid in 2020.

70.7 (b) An individual is not eligible for a direct payment if the individual's taxable net income,
70.8 as defined in Minnesota Statutes, section 290.01, subdivision 22, as reported on the
70.9 individual's original 2020 Minnesota individual income tax return exceeded:

70.10 (1) \$164,400 in the case of a single individual filer;

70.11 (2) \$273,470 in the case of a married individual who filed a joint return;

70.12 (3) \$218,540 in the case of an individual who filed as head of household; or

70.13 (4) \$136,735 in the case of a married individual who filed a separate return.

70.14 (c) The direct payment is equal to:

70.15 (1) \$175 for a single filer or a married individual who filed a separate return; and

70.16 (2) \$350 for a married couple who filed a joint return or an individual who filed as head
70.17 of household.

70.18 (d) For an individual who was a resident of Minnesota for less than the entire year, the
70.19 direct payment equals the direct payment under paragraph (c) for their filing status multiplied
70.20 by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision
70.21 2c, paragraph (e), as calculated on their original 2020 individual income tax return.

70.22 (e) A direct payment under this section shall be paid by the commissioner of revenue
70.23 based on information available in the commissioner's records. A person eligible for a direct
70.24 payment does not have to file a claim to receive the payment.

70.25 (f) The commissioner of revenue shall pay individuals who filed a joint income tax return
70.26 or joint property tax refund return for 2020 a joint direct payment.

70.27 (g) The direct payment is a "Minnesota tax law" for purpose of Minnesota Statutes,
70.28 section 270B.01, subdivision 8.

70.29 (h) The commissioner of revenue must not apply, and must not certify to another agency
70.30 to apply, a payment under this section to any unpaid tax or nontax debt owed by an individual
70.31 who is paid a direct payment.

71.1 (i) A payment under this section is not considered income of a recipient in determining
71.2 their Minnesota individual income tax, any Minnesota individual income tax credits, the
71.3 Minnesota property tax refund, or the Minnesota senior citizen property tax deferral. A
71.4 direct payment must not be counted as income or as an asset, personal property, or resource
71.5 when determining eligibility for any program administered by the Department of Human
71.6 Services. A direct payment is not assistance based on need for purposes of Minnesota
71.7 Statutes, section 550.37, subdivision 14.

71.8 (j) If an individual eligible to receive a direct payment dies prior to the issuance of the
71.9 direct payment the right to the payment lapses.

71.10 (k) If the commissioner of revenue cannot locate an individual entitled to a direct payment
71.11 within two years of the date that the original check or warrant was issued, or if an individual
71.12 to whom a direct payment was made has not cashed the check or warrant within two years
71.13 of the date that the original check or warrant was issued, the right to the payment lapses. If
71.14 an individual to whom a direct payment was made by debit card has not withdrawn from
71.15 the card the total amount of the direct payment within two years of the date of issuance of
71.16 the original debit card, the right to any remaining balance lapses to the state general fund.

71.17 (l) The commissioner of revenue may recover a previously made direct payment if the
71.18 commissioner determines after the direct payment has been made that the individual or
71.19 married couple had taxable net income for 2020 that exceeded a threshold in paragraph (b).
71.20 The recovery may be made using the same procedures used in assessing additional tax under
71.21 Minnesota Statutes, section 270C.33. The recovery must be made within the period of
71.22 limitation for assessing additional tax for 2020 for the person who was paid the direct
71.23 payment. The assessment may be made on the same order of assessment that adjusts the
71.24 income tax liability of the direct payment recipient. If a direct payment check or warrant is
71.25 cashed by someone other than the payee or payees of the check or warrant, and the
71.26 commissioner of revenue determines that the check has been forged or improperly endorsed,
71.27 the commissioner may recover the amount of the check or warrant from the endorsee or
71.28 forger. The recovery may be made using the same procedures used in assessing additional
71.29 tax under Minnesota Statutes, section 270C.33. The assessment must be made within two
71.30 years after the check or warrant is cashed. If a direct payment was made through a debit
71.31 card and the commissioner determines that the card was activated and accessed by an
71.32 unauthorized person, the commissioner may recover from the unauthorized person the
71.33 amount of any unauthorized withdrawals. The recovery may be made using the same
71.34 procedures used in assessing additional tax under Minnesota Statutes, section 270C.33. The
71.35 assessment must be made within two years after the last unauthorized withdrawal.

72.1 (m) Notwithstanding Minnesota Statutes, sections 9.031, 16B.49, chapter 16C, and any
72.2 other law to the contrary, the commissioner of revenue may take whatever actions the
72.3 commissioner deems necessary to pay the direct payment required by this section, and may,
72.4 in consultation with the commissioner of management and budget, contract with a private
72.5 vendor or vendors to process, print, mail, or deliver the checks, warrants, or debit cards
72.6 required under this section and receive and disburse state funds to make the direct payments
72.7 by check, warrant, electronic funds transfer, or debit card.

72.8 (n) The amount necessary to make the direct payments provided in this section is
72.9 appropriated from the general fund to the commissioner of revenue in fiscal year 2022 and
72.10 is available until June 30, 2023.

72.11 (o) \$7,752,000 in fiscal year 2022 and \$215,000 in fiscal year 2023 are appropriated
72.12 from the general fund to the commissioner of revenue to administer this section. Any
72.13 unencumbered balance remaining on June 30, 2022, does not cancel but is available for
72.14 expenditure by the commissioner of revenue until June 30, 2023. These are onetime
72.15 appropriations that are not added to the agency's budget base.

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

72.17 **Sec. 2. ADMINISTRATIVE APPROPRIATION.**

72.18 \$606,000 in fiscal year 2023 is appropriated from the general fund to the commissioner
72.19 of revenue to administer this act. The base in fiscal year 2024 is \$389,000. The base in fiscal
72.20 year 2025 and beyond is \$382,000.

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