

1.1 moves to amend H.F. No. 991 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 FEDERAL CONFORMITY

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

1.6 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
1.7 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
1.8 31, ~~2018~~ 2020.

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

1.12 Sec. 2. Minnesota Statutes 2020, section 290.01, subdivision 19, is amended to read:

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

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

1.22 (c) In the case of a regulated investment company or a fund thereof, as defined in section
1.23 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment

2.1 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
2.2 except that:

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

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

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

2.12 (d) The net income of a real estate investment trust as defined and limited by section
2.13 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
2.14 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

2.18 (f) The Internal Revenue Code of 1986, as amended through December 31, ~~2018~~ 2020,
2.19 shall be in effect for taxable years beginning after December 31, 1996.

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

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

2.26 Sec. 3. Minnesota Statutes 2020, section 290.01, subdivision 31, is amended to read:

2.27 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
2.28 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
2.29 31, ~~2018~~ 2020. Internal Revenue Code also includes any uncodified provision in federal
2.30 law that relates to provisions of the Internal Revenue Code that are incorporated into
2.31 Minnesota law.

3.1 Sec. 4. Minnesota Statutes 2020, section 290.0122, subdivision 4, is amended to read:

3.2 Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable
3.3 contributions. The deduction equals the amount of the charitable contribution deduction
3.4 allowable to the taxpayer under section 170 of the Internal Revenue Code, including the
3.5 denial of the deduction under section 408(d)(8), except that the ~~provisions of section~~
3.6 ~~170(b)(1)(G) apply regardless of the taxable year~~ deduction under this subdivision is limited
3.7 to 60 percent of the taxpayer's contribution base as defined in section 170(b)(1)(H) of the
3.8 Internal Revenue Code.

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

3.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
3.14 after December 31, 2019.

3.15 Sec. 5. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
3.16 to read:

3.17 Subd. 19. **Business interest.** The amount of business interest deducted under section
3.18 163(j) of the Internal Revenue Code that exceeds the amount of business interest allowed
3.19 to be deducted under section 163(j) of the Internal Revenue Code of 1986, as amended
3.20 through December 31, 2018, is an addition.

3.21 **EFFECTIVE DATE.** This section is effective retroactively at the same time and for
3.22 the same taxable years as the temporary changes in section 2306 of Public Law 116-136
3.23 were effective for federal purposes.

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

3.26 Subd. 20. **Excess business losses.** The amount by which a disallowed loss carryover
3.27 under section 461(l) of the Internal Revenue Code of 1986, as amended through December
3.28 31, 2018, exceeds the amount of a disallowed loss carryover under section 461(l) of the
3.29 Internal Revenue Code, is an addition.

3.30 **EFFECTIVE DATE.** This section is effective retroactively at the same time and for
3.31 the same taxable years as the temporary changes in section 2304 of Public Law 116-136
3.32 were effective for federal purposes.

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

4.3 Subd. 21. **Net operating loss.** The amount by which a net operating loss deducted under
4.4 section 172 of the Internal Revenue Code exceeds the amount of a net operating loss allowed
4.5 to be deducted under the Internal Revenue Code of 1986, as amended through December
4.6 31, 2018, is an addition.

4.7 **EFFECTIVE DATE.** This section is effective retroactively at the same time and for
4.8 the same taxable years as the temporary changes in section 2303 of Public Law 116-136
4.9 were effective for federal purposes.

4.10 Sec. 8. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
4.11 to read:

4.12 Subd. 30. **Delayed business interest.** (a) The amount of delayed business interest is a
4.13 subtraction.

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

4.15 (1) "delayed business interest" means the lesser of:

4.16 (i) the base amount; or

4.17 (ii) the business interest deduction limit under section 290.34 or section 163(j) of the
4.18 Internal Revenue Code, excluding the special rule under section 163(j)(10) of the Internal
4.19 Revenue Code, less the amount of business interest deducted under section 163(j) of the
4.20 Internal Revenue Code for the taxable year; and

4.21 (2) "base amount" means the sum of each addition required under section 290.0131,
4.22 subdivision 19, for all prior taxable years, less the sum of all subtractions claimed under
4.23 this subdivision for all prior taxable years.

4.24 (c) This subdivision applies to a shareholder of a corporation that is an S corporation.

4.25 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
4.26 after December 31, 2019.

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

4.29 Subd. 31. **Delayed net operating loss.** (a) The amount of a delayed net operating loss
4.30 is a subtraction.

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

5.2 (1) "delayed net operating loss" means the lesser of:

5.3 (i) the base amount; or

5.4 (ii) the net operating loss deduction limit under section 172(a) of the Internal Revenue
 5.5 Code, less the amount of any net operating loss deducted under section 172 of the Internal
 5.6 Revenue Code for the taxable year; and

5.7 (2) "base amount" means the sum of each addition required under section 290.0131,
 5.8 subdivision 21, for all prior taxable years, less the sum of all subtractions claimed under
 5.9 this subdivision for all prior taxable years.

5.10 (c) This subdivision applies to a shareholder of a corporation that is an S corporation.

5.11 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 5.12 after December 31, 2018.

5.13 Sec. 10. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
 5.14 to read:

5.15 Subd. 15. **Business interest.** The amount of business interest deducted under section
 5.16 163(j) of the Internal Revenue Code that exceeds the amount of business interest allowed
 5.17 to be deducted under section 163(j) of the Internal Revenue Code of 1986, as amended
 5.18 through December 31, 2018, is an addition.

5.19 **EFFECTIVE DATE.** This section is effective retroactively at the same time and for
 5.20 the same taxable years as the temporary changes in section 2306 of Public Law 116-136
 5.21 were effective for federal purposes.

5.22 Sec. 11. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision
 5.23 to read:

5.24 Subd. 20. **Delayed business interest.** (a) The amount of delayed business interest is a
 5.25 subtraction.

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

5.27 (1) "delayed business interest" means the portion of the base amount equal to the
 5.28 difference, if any, between:

6.1 (i) the limit established for the business interest deduction under section 290.34 or section
 6.2 163(j) of the Internal Revenue Code, excluding the special rule under section 163(j)(10) of
 6.3 the Internal Revenue Code; and

6.4 (ii) the amount of business interest deducted under section 163(j) of the Internal Revenue
 6.5 Code for the taxable year; and

6.6 (2) "base amount" means the sum of each addition required under section 290.0131,
 6.7 subdivision 16, for all prior taxable years, less the sum of all subtractions claimed under
 6.8 this subdivision for all prior taxable years.

6.9 **EFFECTIVE DATE.** This section is effective retroactively at the same time and for
 6.10 the same taxable years as the temporary changes in section 2306 of Public Law 116-136
 6.11 were effective for federal purposes and thereafter.

6.12 Sec. 12. Minnesota Statutes 2020, section 290.993, is amended to read:

6.13 **290.993 SPECIAL LIMITED ADJUSTMENT.**

6.14 (a) For an individual income taxpayer subject to tax under section 290.06, subdivision
 6.15 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision
 6.16 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the
 6.17 following special rules apply:

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

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

6.26 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to
 6.27 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,
 6.28 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public
 6.29 Law 115-97; and section 40411 of Public Law 115-123.

6.30 (c) For an individual, estate, trust, or partnership subject to an adjustment under this
 6.31 section, any change in tax as a result of this act, including amendments to the Internal
 6.32 Revenue Code that are incorporated in this act, must be calculated after the adjustment.

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

7.4 Sec. 13. Minnesota Statutes 2020, section 290A.03, subdivision 15, is amended to read:

7.5 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue
7.6 Code of 1986, as amended through December 31, ~~2018~~ 2020.

7.7 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property
7.8 taxes payable after December 31, 2021, and rent paid after December 31, 2020.

7.9 Sec. 14. Minnesota Statutes 2020, section 291.005, subdivision 1, is amended to read:

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

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

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

7.19 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,
7.20 as amended through December 31, ~~2018~~ 2020.

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

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

7.27 (6) "Personal representative" means the executor, administrator or other person appointed
7.28 by the court to administer and dispose of the property of the decedent. If there is no executor,
7.29 administrator or other person appointed, qualified, and acting within this state, then any
7.30 person in actual or constructive possession of any property having a situs in this state which
7.31 is included in the federal gross estate of the decedent shall be deemed to be a personal

8.1 representative to the extent of the property and the Minnesota estate tax due with respect
8.2 to the property.

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

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

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

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

8.12 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
8.13 Code, owned by a nonresident decedent and that is normally kept or located in this state
8.14 because it is on loan to an organization, qualifying as exempt from taxation under section
8.15 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
8.16 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

8.20 For a nonresident decedent with an ownership interest in a pass-through entity with
8.21 assets that include real or tangible personal property, situs of the real or tangible personal
8.22 property, including qualified works of art, is determined as if the pass-through entity does
8.23 not exist and the real or tangible personal property is personally owned by the decedent. If
8.24 the pass-through entity is owned by a person or persons in addition to the decedent, ownership
8.25 of the property is attributed to the decedent in proportion to the decedent's capital ownership
8.26 share of the pass-through entity.

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

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

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

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

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

9.6 (v) an entity whose ownership interest securities are traded on an exchange regulated
 9.7 by the Securities and Exchange Commission as a national securities exchange under section
 9.8 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

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

9.12 Sec. 15. **INDIVIDUAL INCOME TAX COLLECTION ACTION PROHIBITED.**

9.13 Notwithstanding any law to the contrary, the commissioner of revenue shall not increase
 9.14 the amount due or decrease the refund for an individual income tax return for the taxable
 9.15 year beginning after December 31, 2017, and before January 1, 2021, to the extent the
 9.16 amount due was understated on the original return or the refund was overstated on the
 9.17 original return because the taxpayer calculated the tax or refund based on the Internal
 9.18 Revenue Code, as amended through December 31, 2018, rather than based on the Internal
 9.19 Revenue Code, as amended through December 31, 2020, as provided in this act.

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

9.21 Sec. 16. **TEMPORARY NONCONFORMITY ADDITIONS AND SUBTRACTIONS.**

9.22 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this section
 9.23 have the meanings given.

9.24 (b) For an individual, estate, or trust:

9.25 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,
 9.26 subdivision 1, and the rules in that subdivision apply for this section; and

9.27 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision
 9.28 1, and the rules in that subdivision apply for this section.

9.29 (c) For a corporation other than an S corporation:

9.30 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0134,
 9.31 subdivision 1, and the rules in that subdivision apply for this section; and

10.1 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0133, subdivision
 10.2 1, and the rules in that subdivision apply for this section.

10.3 (d) The definitions in Minnesota Statutes, section 290.01, apply for this section.

10.4 **Subd. 2. Temporary subtraction; federal credits for sick and family leave;**
 10.5 **individuals, estates, and trusts.** (a) For an individual, estate, or trust, the amount by which
 10.6 gross income is increased under the following credits is a subtraction:

10.7 (1) the payroll credit for required paid sick leave under section 7001 of Public Law
 10.8 116-127; and

10.9 (2) the payroll credit for required paid family leave under section 7003 of Public Law
 10.10 116-127.

10.11 (b) This subdivision is effective retroactively for taxable years in which a taxpayer
 10.12 claimed the credits described in paragraph (a).

10.13 **Subd. 3. Temporary subtraction; federal credits for sick and family leave;**
 10.14 **corporations.** (a) For a corporation other than an S corporation, the amount by which gross
 10.15 income is increased under the following credits is a subtraction:

10.16 (1) the payroll credit for required paid sick leave under section 7001 of Public Law
 10.17 116-127; and

10.18 (2) the payroll credit for required paid family leave under section 7003 of Public Law
 10.19 116-127.

10.20 (b) This subdivision is effective retroactively for taxable years in which a taxpayer
 10.21 claimed the credits described in paragraph (a).

10.22 **Subd. 4. Temporary subtraction; wages used to claim employee retention credit;**
 10.23 **individuals, estates, and trusts.** (a) For an individual, estate, or trust, the amount disallowed
 10.24 under section 2301(e) of Public Law 116-136 is a subtraction.

10.25 (b) This subdivision is effective retroactively for taxable years in which a taxpayer had
 10.26 a deduction disallowed under section 2301(e) of Public Law 116-136.

10.27 **Subd. 5. Temporary subtraction; wages used to claim employee retention credit;**
 10.28 **corporations.** (a) For a corporation other than an S corporation, the amount disallowed
 10.29 under section 2301(e) of Public Law 116-136 is a subtraction.

10.30 (b) This subdivision is effective retroactively for taxable years in which a taxpayer had
 10.31 a deduction disallowed under section 2301(e) of Public Law 116-136.

11.1 Subd. 6. Temporary addition; business meals; individuals, estates, and trusts. (a)
11.2 For an individual, estate, or trust, the amount deducted for food or beverages under section
11.3 274(n)(2) of the Internal Revenue Code that exceeds the 50 percent limit in section 274(n)(1)
11.4 of the Internal Revenue Code is an addition.

11.5 (b) This subdivision is effective retroactively for expenses paid or incurred after December
11.6 31, 2020, and before January 1, 2023.

11.7 Subd. 7. Temporary addition; business meals; C corporations. (a) For a corporation
11.8 other than an S corporation, the amount deducted for food or beverages under section
11.9 274(n)(2) of the Internal Revenue Code that exceeds the 50 percent limit in section 274(n)(1)
11.10 of the Internal Revenue Code is an addition.

11.11 (b) This subdivision is effective retroactively for expenses paid or incurred after December
11.12 31, 2020, and before January 1, 2023.

11.13 Subd. 8. Temporary addition; PPP expenses for individuals, estates, and trusts. (a)
11.14 For the purposes of this subdivision:

11.15 (1) "qualifying business" means a business with paycheck protection program expenses
11.16 in the taxable year that is a partnership, limited liability company, S corporation, or sole
11.17 proprietorship;

11.18 (2) "paycheck protection program expenses" means amounts allowed as a deduction
11.19 under section 276 of the COVID-related Tax Relief Act of 2020 in Public Law 116-260;
11.20 and

11.21 (3) "paycheck protection program loan" means a discharged loan that is excluded from
11.22 gross income under section 1106(i) of Public Law 116-136.

11.23 (b) For a qualifying business, for each paycheck protection program loan, the amount
11.24 of paycheck protection program expenses in excess of \$350,000 is an addition.

11.25 (c) This section is effective retroactively at the same time and for the same taxable years
11.26 as the changes in section 276 of the COVID-related Tax Relief Act of 2020 in Public Law
11.27 116-260.

11.28 Subd. 9. Temporary addition; PPP expenses for C corporations. (a) For the purposes
11.29 of this subdivision:

11.30 (1) "qualifying business" means a business with paycheck protection program expenses
11.31 that is a corporation other than an S corporation;

12.1 (2) "paycheck protection program expenses" means amounts allowed as a deduction
12.2 under section 276 of the COVID-related Tax Relief Act of 2020 in Public Law 116-260;
12.3 and

12.4 (3) "paycheck protection program loan" means a discharged loan that is excluded from
12.5 gross income under section 1106(i) of Public Law 116-136.

12.6 (b) For a qualifying business, for each paycheck protection program loan, the amount
12.7 of paycheck protection program expenses in excess of \$350,000 is an addition.

12.8 (c) This section is effective retroactively at the same time and for the same taxable years
12.9 as the changes in section 276 of the COVID-related Tax Relief Act of 2020 in Public Law
12.10 116-260.

12.11 Subd. 10. **Nonresident apportionment; alternative minimum tax.** (a) For the purpose
12.12 of calculating the percentage under Minnesota Statutes, section 290.06, subdivision 2c,
12.13 paragraph (e), the commissioner of revenue must increase:

12.14 (1) the numerator in Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e),
12.15 clause (1), by the subtractions in subdivisions 2 and 4; and

12.16 (2) the denominator in Minnesota Statutes, section 290.06, subdivision 2c, paragraph
12.17 (e), clause (2), by the additions in subdivisions 6 and 8.

12.18 (b) For the purpose of determining "income" under Minnesota Statutes, section 289A.08,
12.19 the commissioner of revenue must consider the additions under subdivisions 6 and 8 and
12.20 the subtractions under subdivisions 2 and 4.

12.21 (c) A taxpayer's alternative minimum taxable income under Minnesota Statutes, section
12.22 290.091, is increased by the amount of the taxpayer's additions under subdivisions 6 and 8,
12.23 and reduced by the amount of the taxpayer's subtractions under subdivisions 2 and 4.

12.24 (d) This section is effective for taxable years in which a taxpayer had an addition or
12.25 subtraction under this section.

12.26 **EFFECTIVE DATE.** This section is effective for the taxable years specified in each
12.27 subdivision.

12.28 Sec. 17. **WORKING FAMILY CREDIT; SPECIAL EARNED INCOME RULES**
12.29 **FOR TAX YEAR 2020.**

12.30 For the purposes of calculating the credit under Minnesota Statutes, section 290.067,
12.31 the commissioner of revenue must allow a taxpayer to elect to determine earned income

13.1 using the rules in section 211 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020
 13.2 in Public Law 116-260.

13.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 13.4 31, 2019, and before January 1, 2021.

13.5 Sec. 18. **TEMPORARY INDIVIDUAL INCOME TAX SUBTRACTION;**
 13.6 **UNEMPLOYMENT INSURANCE BENEFITS.**

13.7 (a) For the purposes of this section:

13.8 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132; and

13.9 (2) "unemployment compensation" has the meaning given in section 85(b) of the Internal
 13.10 Revenue Code.

13.11 (b) For taxable years beginning after December 31, 2019, and before January 1, 2021,
 13.12 an individual taxpayer with adjusted gross income that is less than \$150,000 is allowed a
 13.13 subtraction equal to the amount of unemployment compensation received in the taxable
 13.14 year. The subtraction is limited to \$10,200, except for a joint return the subtraction is limited
 13.15 to \$10,200 in unemployment compensation received by each spouse.

13.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 13.17 after December 31, 2019, and before January 1, 2021.

13.18 **ARTICLE 2**

13.19 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

13.20 Section 1. Minnesota Statutes 2020, section 41B.0391, subdivision 2, is amended to read:

13.21 **Subd. 2. Tax credit for owners of agricultural assets.** (a) An owner of agricultural
 13.22 assets may take a credit against the tax due under chapter 290 for the sale or rental of
 13.23 agricultural assets to a beginning farmer in the amount allocated by the authority under
 13.24 subdivision 4. An owner of agricultural assets is eligible for allocation of a credit equal to:

13.25 (1) five percent of the lesser of the sale price or the fair market value of the agricultural
 13.26 asset, up to a maximum of \$32,000;

13.27 (2) ten percent of the gross rental income in each of the first, second, and third years of
 13.28 a rental agreement, up to a maximum of \$7,000 per year; or

13.29 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,
 13.30 second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

14.1 (b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent
14.2 agreement. The agricultural asset must be rented at prevailing community rates as determined
14.3 by the authority.

14.4 (c) The credit may be claimed only after approval and certification by the authority, and
14.5 is limited to the amount stated on the certificate issued under subdivision 4. An owner of
14.6 agricultural assets must apply to the authority for certification and allocation of a credit, in
14.7 a form and manner prescribed by the authority.

14.8 (d) An owner of agricultural assets or beginning farmer may terminate a rental agreement,
14.9 including a share rent agreement, for reasonable cause upon approval of the authority. If a
14.10 rental agreement is terminated without the fault of the owner of agricultural assets, the tax
14.11 credits shall not be retroactively disallowed. In determining reasonable cause, the authority
14.12 must look at which party was at fault in the termination of the agreement. If the authority
14.13 determines the owner of agricultural assets did not have reasonable cause, the owner of
14.14 agricultural assets must repay all credits received as a result of the rental agreement to the
14.15 commissioner of revenue. The repayment is additional income tax for the taxable year in
14.16 which the authority makes its decision or when a final adjudication under subdivision 5,
14.17 paragraph (a), is made, whichever is later.

14.18 (e) The credit is limited to the liability for tax as computed under chapter 290 for the
14.19 taxable year. If the amount of the credit determined under this section for any taxable year
14.20 exceeds this limitation, the excess is a beginning farmer incentive credit carryover according
14.21 to section 290.06, subdivision 37.

14.22 (f) Notwithstanding subdivision 1, paragraph (c), for purposes of the credit for the sale
14.23 of an agricultural asset under paragraph (a), clause (1), the family member definitional
14.24 exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply.

14.25 (g) For a qualifying sale to a family member, to qualify for the credit under paragraph
14.26 (a), clause (1), the sale price of the agricultural asset must equal or exceed the assessed
14.27 value of the asset as of the date of the sale. If there is no assessed value, the sale price must
14.28 equal or exceed 80 percent of the fair market value of the asset as of the date of the sale.

14.29 (h) For the purposes of this section, "qualifying sale to a family member" means a sale
14.30 to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a
14.31 family member of:

14.32 (1) the owner of the agricultural asset; or

14.33 (2) a partner, member, shareholder, or trustee of the owner of the agricultural asset.

15.1 (i) For a sale to a socially disadvantaged farmer or rancher, the credit rate under paragraph
15.2 (a), clause (1), is ten percent rather than five percent. For the purposes of this section,
15.3 "socially disadvantaged farmer or rancher" has the meaning given in United States Code,
15.4 title 7, section 2279(a)(5).

15.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
15.6 31, 2020.

15.7 Sec. 2. Minnesota Statutes 2020, section 41B.0391, subdivision 4, is amended to read:

15.8 Subd. 4. **Authority duties.** (a) The authority shall:

15.9 (1) approve and certify or recertify beginning farmers as eligible for the program under
15.10 this section;

15.11 (2) approve and certify or recertify owners of agricultural assets as eligible for the tax
15.12 credit under subdivision 2 subject to the allocation limits in paragraph (c);

15.13 (3) provide necessary and reasonable assistance and support to beginning farmers for
15.14 qualification and participation in financial management programs approved by the authority;

15.15 (4) refer beginning farmers to agencies and organizations that may provide additional
15.16 pertinent information and assistance; and

15.17 (5) notwithstanding section 41B.211, the Rural Finance Authority must share information
15.18 with the commissioner of revenue to the extent necessary to administer provisions under
15.19 this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority
15.20 must annually notify the commissioner of revenue of approval and certification or
15.21 recertification of beginning farmers and owners of agricultural assets under this section.
15.22 For credits under subdivision 2, the notification must include the amount of credit approved
15.23 by the authority and stated on the credit certificate.

15.24 (b) The certification of a beginning farmer or an owner of agricultural assets under this
15.25 section is valid for the year of the certification and the two following years, after which
15.26 time the beginning farmer or owner of agricultural assets must apply to the authority for
15.27 recertification.

15.28 (c) For credits for owners of agricultural assets allowed under subdivision 2, the authority
15.29 must not allocate more than \$5,000,000 for taxable years beginning after December 31,
15.30 2017, and before January 1, 2019, and must not allocate more than \$6,000,000 for taxable
15.31 years beginning after December 31, 2018. The authority must allocate credits on a first-come,
15.32 first-served basis beginning on January 1 of each year, except that recertifications for the

16.1 second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2),
16.2 have first priority. Any amount authorized but not allocated in any taxable year does not
16.3 cancel and is added to the allocation for the next taxable year.

16.4 (d) For taxable years beginning after December 31, 2020, the amount available to be
16.5 allocated for the taxable year under paragraph (c) is reduced by five percent. Beginning in
16.6 fiscal year 2022, an amount equal to the reduction under this paragraph is annually
16.7 appropriated from the general fund to the Rural Finance Authority to develop an online
16.8 application system and administer the credits under this section. The amount of the
16.9 appropriation for a fiscal year must be determined based on the reduction for taxable years
16.10 beginning after December 31 of the previous fiscal year and before January 1 of the fiscal
16.11 year of the appropriation. The Rural Finance Authority must disregard amounts carried
16.12 forward from previous taxable years when calculating the reduction under this paragraph.

16.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
16.14 31, 2020.

16.15 Sec. 3. Minnesota Statutes 2020, section 116J.8737, subdivision 5, is amended to read:

16.16 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit
16.17 equal to 25 percent of the qualified investment in a qualified small business. Investments
16.18 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The
16.19 commissioner must not allocate more than \$10,000,000 in credits to qualified investors or
16.20 qualified funds for the taxable years listed in paragraph (i). For each taxable year, 50 percent
16.21 must be allocated to credits for qualified investments in qualified greater Minnesota
16.22 businesses and minority-owned, women-owned, or veteran-owned qualified small businesses
16.23 in Minnesota. Any portion of a taxable year's credits that is reserved for qualified investments
16.24 in greater Minnesota businesses and minority-owned, women-owned, or veteran-owned
16.25 qualified small businesses in Minnesota that is not allocated by September 30 of the taxable
16.26 year is available for allocation to other credit applications beginning on October 1. Any
16.27 portion of a taxable year's credits that is not allocated by the commissioner does not cancel
16.28 and may be carried forward to subsequent taxable years until all credits have been allocated.

16.29 (b) The commissioner may not allocate more than a total maximum amount in credits
16.30 for a taxable year to a qualified investor for the investor's cumulative qualified investments
16.31 as an individual qualified investor and as an investor in a qualified fund; for married couples
16.32 filing joint returns the maximum is \$250,000, and for all other filers the maximum is
16.33 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
16.34 over all taxable years for qualified investments in any one qualified small business.

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

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

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

17.8 A member of the family of an individual disqualified by this paragraph is not eligible for a
17.9 credit under this section. For a married couple filing a joint return, the limitations in this
17.10 paragraph apply collectively to the investor and spouse. For purposes of determining the
17.11 ownership interest of an investor under this paragraph, the rules under section 267(c) and
17.12 267(e) of the Internal Revenue Code apply.

17.13 (d) Applications for tax credits for 2010 must be made available on the department's
17.14 website by September 1, 2010, and the department must begin accepting applications by
17.15 September 1, 2010. Applications for subsequent years must be made available by November
17.16 1 of the preceding year.

17.17 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
17.18 Tax credits must be allocated to qualified investors or qualified funds in the order that the
17.19 tax credit request applications are filed with the department. The commissioner must approve
17.20 or reject tax credit request applications within 15 days of receiving the application. The
17.21 investment specified in the application must be made within 60 days of the allocation of
17.22 the credits. If the investment is not made within 60 days, the credit allocation is canceled
17.23 and available for reallocation. A qualified investor or qualified fund that fails to invest as
17.24 specified in the application, within 60 days of allocation of the credits, must notify the
17.25 commissioner of the failure to invest within five business days of the expiration of the
17.26 60-day investment period.

17.27 (f) All tax credit request applications filed with the department on the same day must
17.28 be treated as having been filed contemporaneously. If two or more qualified investors or
17.29 qualified funds file tax credit request applications on the same day, and the aggregate amount
17.30 of credit allocation claims exceeds the aggregate limit of credits under this section or the
17.31 lesser amount of credits that remain unallocated on that day, then the credits must be allocated
17.32 among the qualified investors or qualified funds who filed on that day on a pro rata basis
17.33 with respect to the amounts claimed. The pro rata allocation for any one qualified investor
17.34 or qualified fund is the product obtained by multiplying a fraction, the numerator of which

18.1 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
18.2 denominator of which is the total of all credit allocation claims filed on behalf of all
18.3 applicants on that day, by the amount of credits that remain unallocated on that day for the
18.4 taxable year.

18.5 (g) A qualified investor or qualified fund, or a qualified small business acting on their
18.6 behalf, must notify the commissioner when an investment for which credits were allocated
18.7 has been made, and the taxable year in which the investment was made. A qualified fund
18.8 must also provide the commissioner with a statement indicating the amount invested by
18.9 each investor in the qualified fund based on each investor's share of the assets of the qualified
18.10 fund at the time of the qualified investment. After receiving notification that the investment
18.11 was made, the commissioner must issue credit certificates for the taxable year in which the
18.12 investment was made to the qualified investor or, for an investment made by a qualified
18.13 fund, to each qualified investor who is an investor in the fund. The certificate must state
18.14 that the credit is subject to revocation if the qualified investor or qualified fund does not
18.15 hold the investment in the qualified small business for at least three years, consisting of the
18.16 calendar year in which the investment was made and the two following years. The three-year
18.17 holding period does not apply if:

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

18.20 (2) 80 percent or more of the assets of the qualified small business is sold before the end
18.21 of the three-year period;

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

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

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

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

18.28 (i) The credit allowed under this subdivision is effective for ~~each of the following taxable~~
18.29 ~~years:~~ taxable years beginning after December 31, 2020, and before January 1, 2023.

18.30 ~~(1) taxable years beginning after December 31, 2018, and before January 1, 2020; and~~

18.31 ~~(2) taxable years beginning after December 31, 2020, and before January 1, 2022.~~

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

19.1 Sec. 4. Minnesota Statutes 2020, section 116J.8737, subdivision 12, is amended to read:

19.2 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,
19.3 ~~2021~~ 2022, except that reporting requirements under subdivision 6 and revocation of credits
19.4 under subdivision 7 remain in effect through ~~2023~~ 2024 for qualified investors and qualified
19.5 funds, and through ~~2025~~ 2026 for qualified small businesses, reporting requirements under
19.6 subdivision 9 remain in effect through ~~2024~~ 2022, and the appropriation in subdivision 11
19.7 remains in effect through ~~2025~~ 2026.

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

19.9 Sec. 5. **[116U.27] FILM PRODUCTION CREDIT.**

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

19.12 (b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer
19.13 upon receipt of an initial application for a credit for a project that has not yet been completed.

19.14 (c) "Application" means the application for a credit under subdivision 4.

19.15 (d) "Commissioner" means the commissioner of employment and economic development.

19.16 (e) "Credit certificate" means a certificate issued by the commissioner upon submission
19.17 of the cost verification report in subdivision 4, paragraph (e).

19.18 (f) "Eligible production costs" means eligible production costs as defined in section
19.19 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to
19.20 the production of a film project in Minnesota.

19.21 (g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

19.22 (h) "Project" means a film:

19.23 (1) that includes the promotion of Minnesota;

19.24 (2) for which the taxpayer has expended at least \$1,000,000 in the taxable year for
19.25 eligible production costs; and

19.26 (3) to the extent practicable, that employs Minnesota residents.

19.27 (i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated
19.28 logo, approved by the commissioner and lasting approximately five seconds, that promotes
19.29 Minnesota within its presentation and all promotional trailers worldwide in the end credits
19.30 before the below-the-line crew crawl for the life of the project.

20.1 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible
20.2 production costs paid in a taxable year. A taxpayer may only claim a credit if the taxpayer
20.3 was issued a credit certificate under subdivision 4.

20.4 Subd. 3. **Credit assignable.** A taxpayer who is eligible for a credit under this subdivision
20.5 may assign the credit, in whole or in part, to another taxpayer, who is then allowed the credit
20.6 under section 290.06, subdivision 39, or 297I.20, subdivision 4. An assignment is not valid
20.7 unless the assignee notifies the commissioner within 30 days of the date that the assignment
20.8 is made. The commissioner shall prescribe the forms necessary for notifying the
20.9 commissioner of the assignment of a credit certificate and for claiming a credit by assignment.
20.10 A credit must be assigned for at least 75 percent of the credit amount subject to assignment.

20.11 Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a
20.12 taxpayer must submit to the commissioner an initial application for a credit in the form
20.13 prescribed by the commissioner, in consultation with the commissioner of revenue.

20.14 (b) Upon approving an application for a credit that meets the requirements of this section,
20.15 the commissioner shall issue allocation certificates that:

20.16 (1) verify eligibility for the credit;

20.17 (2) state the amount of credit anticipated for the eligible project, with the credit amount
20.18 up to 25 percent of eligible project costs; and

20.19 (3) state the taxable year in which the credit is allocated.

20.20 The commissioner must consult with Minnesota Film and Television prior to issuing an
20.21 allocation certificate.

20.22 (c) The commissioner must not issue allocation certificates for more than \$10,000,000
20.23 of credits each year. If the entire amount is not allocated in that taxable year, any remaining
20.24 amount is available for allocation for the four following taxable years until the entire
20.25 allocation has been made. The commissioner must not award any credits for taxable years
20.26 beginning after December 31, 2024, and any unallocated amounts cancel on that date.

20.27 (d) The commissioner must allocate credits on a first-come, first-served basis.

20.28 (e) Upon completion of a project, the taxpayer shall submit to the commissioner a report
20.29 prepared by an independent certified public accountant licensed in the state of Minnesota
20.30 to verify the amount of eligible production costs related to the project. The report must be
20.31 prepared in accordance with generally accepted accounting principles. Upon receipt and
20.32 review of the cost verification report, the commissioner shall determine the final amount
20.33 of eligible production costs and issue a credit certificate to the taxpayer. The credit may not

21.1 exceed the anticipated credit amount on the allocation certificate. If the credit is less than
 21.2 the anticipated amount on the allocation credit, the difference is returned to the amount
 21.3 available for allocation under paragraph (c). To claim the credit under section 290.06,
 21.4 subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the certificate
 21.5 as part of the taxpayer's return.

21.6 Subd. 5. **Report required.** By March 15, 2024, the commissioner, in consultation with
 21.7 the commissioner of revenue, must provide a report to the chairs and ranking minority
 21.8 members of the legislative committees with jurisdiction over economic development and
 21.9 taxes. The report must comply with sections 3.195 and 3.197, and must detail the following:

21.10 (1) the amount of credits earned in each taxable year;

21.11 (2) the number of applications received and approved for the credit;

21.12 (3) the types of projects eligible for the credit;

21.13 (4) the total economic impact of the credit in Minnesota, including the number of jobs
 21.14 resulting from the credit; and

21.15 (5) any other information the commissioner, in consultation with the commissioner of
 21.16 revenue, deems necessary for purposes of claiming and administering the credit.

21.17 Subd. 6. **Expiration.** This section expires January 1, 2025, for taxable years beginning
 21.18 after December 31, 2024.

21.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 21.20 31, 2020, and before January 1, 2025.

21.21 Sec. 6. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

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

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

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

22.5 (d) The electing partner must not have any Minnesota source income other than the
22.6 income from the partnership and other electing partnerships. If it is determined that the
22.7 electing partner has other Minnesota source income, the inclusion of the income and tax
22.8 liability for that partner under this provision will not constitute a return to satisfy the
22.9 requirements of subdivision 1. The tax paid for the individual as part of the composite return
22.10 is allowed as a payment of the tax by the individual on the date on which the composite
22.11 return payment was made. If the electing nonresident partner has no other Minnesota source
22.12 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

22.32 (j) For the purposes of this subdivision, "income" means the partner's share of federal
22.33 adjusted gross income from the partnership modified by the additions provided in section
22.34 290.0131, subdivisions 8 to 10 ~~and~~, 16, and 19 to 23, and the subtractions provided in: (1)

23.1 section 290.0132, subdivision 9, to the extent the amount is assignable or allocable to
23.2 Minnesota under section 290.17; and (2) section 290.0132, ~~subdivision~~ subdivisions 14,
23.3 30, and 31. The subtraction allowed under section 290.0132, subdivision 9, is only allowed
23.4 on the composite tax computation to the extent the electing partner would have been allowed
23.5 the subtraction.

23.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
23.7 31, 2020.

23.8 Sec. 7. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision to
23.9 read:

23.10 Subd. 7a. **Pass-through entity tax.** (a) For the purposes of this subdivision, the following
23.11 terms have the meanings given:

23.12 (1) "income" has the meaning given in subdivision 7, paragraph (j), except that the
23.13 provisions that apply to a partnership apply to a qualifying entity and the provisions that
23.14 apply to a partner apply to a qualifying owner. The income of both a resident and nonresident
23.15 qualifying owner is allocated and assigned to this state as provided for nonresident partners
23.16 and shareholders under section 290.17;

23.17 (2) "qualifying owner" means a resident or nonresident individual, estate, or trust that
23.18 is a partner, member, or shareholder of a qualifying entity; and

23.19 (3) "qualifying entity" means a partnership, limited liability company, or corporation
23.20 organized under subchapter S of the Internal Revenue Code for federal income tax purposes,
23.21 including a qualified subsidiary also organized under subchapter S of the Internal Revenue
23.22 Code. Qualifying entity does not include a partnership, limited liability company, or
23.23 corporation that has a partnership, limited liability company, or corporation as a partner,
23.24 member, or shareholder.

23.25 (b) A qualifying entity may elect to file a return and pay the pass-through entity tax
23.26 imposed under paragraph (c). The election:

23.27 (1) must be made on or before the due date or extended due date of the qualifying entity's
23.28 pass-through entity tax return;

23.29 (2) may only be made by qualifying owners who hold more than a 50 percent ownership
23.30 interest in a qualifying entity; and

23.31 (3) is binding on all qualifying owners who have an ownership interest in the qualifying
23.32 entity.

24.1 (c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a
24.2 qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

24.3 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount
24.4 of the qualifying owner's income multiplied by the tax rates and brackets used to determine
24.5 the tax liability for married individuals filing separate returns, estates, and trusts under
24.6 section 290.06, subdivision 2c. When making this determination:

24.7 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
24.8 and

24.9 (2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

24.10 (e) The amount of each credit and deduction used to determine a qualifying owner's tax
24.11 liability under paragraph (d) must also be used to determine that qualifying owner's individual
24.12 income tax liability under chapter 290.

24.13 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
24.14 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
24.15 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
24.16 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying
24.17 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
24.18 tax.

24.19 (g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the
24.20 treatment of distributions, is determined as if the election to pay the pass-through entity tax
24.21 under paragraph (b) is not made.

24.22 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a
24.23 pass-through entity tax return must be treated as a composite return and a qualifying entity
24.24 filing a pass-through entity tax return must be treated as a partnership filing a composite
24.25 return.

24.26 (i) The provisions of subdivision 17 apply to the election to pay the pass-through entity
24.27 tax under this subdivision.

24.28 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
24.29 and pay the tax under this subdivision has no other Minnesota source income, filing of the
24.30 pass-through entity tax return is a return for purposes of subdivision 1, provided that the
24.31 nonresident qualifying owner must not have any Minnesota source income other than the
24.32 income from the qualifying entity and other electing qualifying entities. If it is determined
24.33 that the nonresident qualifying owner has other Minnesota source income, the inclusion of

25.1 the income and tax liability for that owner under this provision will not constitute a return
 25.2 to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the
 25.3 pass-through entity tax return is allowed as a payment of the tax by the individual on the
 25.4 date on which the pass-through entity tax return payment was made.

25.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 25.6 31, 2020.

25.7 Sec. 8. Minnesota Statutes 2020, section 289A.08, subdivision 11, is amended to read:

25.8 Subd. 11. **Information included in income tax return.** (a) The return must state:

25.9 (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address
 25.10 of the taxpayer in the same name or names and same address as the taxpayer has used in
 25.11 making the taxpayer's income tax return to the United States;

25.12 (2) the date or dates of birth of the taxpayer or taxpayers;

25.13 (3) the following information:

25.14 (i) the Social Security number of the taxpayer, or taxpayers, if a Social Security number
 25.15 has been issued by the United States with respect to the taxpayers; or

25.16 (ii) the individual tax identification number of the taxpayer, or taxpayers, if a Social
 25.17 Security number has not been issued by the United States with respect to the taxpayers, as
 25.18 allowed under section 290.0671; and

25.19 (4) the amount of the taxable income of the taxpayer as it appears on the federal return
 25.20 for the taxable year to which the Minnesota state return applies.

25.21 (b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy
 25.22 of the federal income tax return that the taxpayer has filed or is about to file for the period.

25.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 25.24 31, 2020.

25.25 Sec. 9. Minnesota Statutes 2020, section 290.01, is amended by adding a subdivision to
 25.26 read:

25.27 Subd. 7c. **Resident trust.** (a) "Resident trust" means a trust, except a grantor type trust,
 25.28 which has sufficient relevant connections with Minnesota during the applicable tax year to
 25.29 be permissibly taxed, consistent with due process, as a resident trust. Relevant connections
 25.30 with Minnesota include but are not limited to the following:

26.1 (1) one or more of the trustees, fiduciaries, nonfiduciary service providers, settlors,
26.2 grantors, or beneficiaries of the trust are residents or part-year residents of Minnesota;

26.3 (2) tangible or intangible assets making up any part of the trust are located in Minnesota;

26.4 (3) any part of the administration of the trust took place in Minnesota;

26.5 (4) the laws of Minnesota are specifically made applicable to the trust or to the parties
26.6 to the trust, whether by choice of law or by operation of law;

26.7 (5) the trust was created by a will of a decedent who at death was domiciled in Minnesota;

26.8 (6) the trust and the will under which it was created were probated in Minnesota or were
26.9 otherwise approved or enforced by Minnesota's courts; and

26.10 (7) Minnesota's courts have a continuing supervisory or other existing relationship with
26.11 the trust.

26.12 (b) The term "grantor type trust" means a trust where the income or gains of the trust
26.13 are taxable to the grantor or others treated as substantial owners under sections 671 to 678
26.14 of the Internal Revenue Code.

26.15 (c) The term "administration of the trust" means the performance of any administrative
26.16 function for the trust, including but not limited to the following:

26.17 (1) investing of trust assets;

26.18 (2) distributing of trust assets;

26.19 (3) conducting trust business;

26.20 (4) conducting any litigation or other legal proceedings;

26.21 (5) conducting administrative services, including but not limited to record keeping and
26.22 the preparation and filing of tax returns;

26.23 (6) making fiduciary decisions, including but not limited to decisions regarding any of
26.24 the administrative functions listed in this paragraph; and

26.25 (7) official keeping of books and records of the trust, including but not limited to the
26.26 original minutes of trustee meetings and the original trust instruments, are located in
26.27 Minnesota.

26.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
26.29 31, 2020.

27.1 Sec. 10. Minnesota Statutes 2020, section 290.0122, subdivision 8, is amended to read:

27.2 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. ~~The deduction equals the~~
27.3 ~~amount allowed under sections 165(d) and 165(h) of the Internal Revenue Code, disregarding~~
27.4 ~~the limitation on personal casualty losses in paragraph (h)(5).~~ section 165(a) of the Internal
27.5 Revenue Code, including the limitation provided in section 67(b)(3) of the Internal Revenue
27.6 Code, for the following:

27.7 (1) losses described in paragraphs (2) and (3) of section 165(c) of the Internal Revenue
27.8 Code, including the provisions of section 165(h) of the Internal Revenue Code but
27.9 disregarding paragraph (h)(5); and

27.10 (2) losses described in section 165(d) of the Internal Revenue Code.

27.11 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
27.12 that the reference to paragraph (2) of section 165(c) of the Internal Revenue Code is effective
27.13 retroactively for taxable years beginning after December 31, 2018.

27.14 Sec. 11. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
27.15 to read:

27.16 Subd. 22. **Previously taxed deferred foreign income.** The amount received by a resident
27.17 or part-year resident that is excluded from federal adjusted gross income or federal taxable
27.18 income under section 959 of the Internal Revenue Code, because the amount was previously
27.19 included under sections 951A or 965 of the Internal Revenue Code, is an addition.

27.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
27.21 31, 2020.

27.22 Sec. 12. Minnesota Statutes 2020, section 290.0131, is amended by adding a subdivision
27.23 to read:

27.24 Subd. 23. **Income attributable to domestic production activities of cooperatives.** The
27.25 amount of the deduction allowable under section 199A(g) of the Internal Revenue Code is
27.26 an addition.

27.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
27.28 31, 2020.

27.29 Sec. 13. Minnesota Statutes 2020, section 290.0132, subdivision 27, is amended to read:

27.30 Subd. 27. **Deferred foreign income.** The amount of deferred foreign income ~~recognized~~
27.31 ~~because of~~ under section 965 of the Internal Revenue Code is a subtraction.

28.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
28.2 after December 31, 2015, except the changes incorporated by federal changes are effective
28.3 retroactively at the same time the changes became effective for federal purposes.

28.4 Sec. 14. Minnesota Statutes 2020, section 290.0133, subdivision 6, is amended to read:

28.5 Subd. 6. **Special deductions.** The amount of any special deductions under sections 241
28.6 to 247, and 250, and 965 of the Internal Revenue Code is an addition.

28.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
28.8 after December 31, 2015, except that the changes incorporated by federal changes are
28.9 effective retroactively at the same time the changes became effective for federal purposes.

28.10 Sec. 15. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
28.11 to read:

28.12 Subd. 16. **Previously taxed deferred foreign income.** The amount received by a
28.13 corporation that is excluded from gross income under section 959 of the Internal Revenue
28.14 Code, because the amount was previously included under sections 951A or 965 of the
28.15 Internal Revenue Code, is an addition.

28.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
28.17 31, 2020.

28.18 Sec. 16. Minnesota Statutes 2020, section 290.0133, is amended by adding a subdivision
28.19 to read:

28.20 Subd. 17. **Income attributable to domestic production activities of cooperatives.** The
28.21 amount of the deduction allowable under section 199A(g) of the Internal Revenue Code is
28.22 an addition.

28.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
28.24 31, 2020.

28.25 Sec. 17. Minnesota Statutes 2020, section 290.0134, subdivision 18, is amended to read:

28.26 Subd. 18. **Deferred foreign income.** The amount of deferred foreign income ~~recognized~~
28.27 ~~because of~~ under section 965 of the Internal Revenue Code is a subtraction.

28.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
28.29 31, 2020.

29.1 Sec. 18. Minnesota Statutes 2020, section 290.06, subdivision 2c, is amended to read:

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

29.6 (1) On the first ~~\$38,770~~ \$42,800, 5.35 percent;

29.7 (2) On all over ~~\$38,770~~ \$42,800, but not over ~~\$154,020~~ \$154,010, 6.8 percent;

29.8 (3) On all over ~~\$154,020~~ \$154,010, but not over ~~\$269,010~~ \$276,200, 7.85 percent;

29.9 (4) On all over ~~\$269,010~~ \$276,200, but not over \$1,000,000, 9.85 percent.;

29.10 (5) On all over \$1,000,000, 11.15 percent.

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

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

29.16 (1) On the first ~~\$26,520~~ \$29,270, 5.35 percent;

29.17 (2) On all over ~~\$26,520~~ \$29,270, but not over ~~\$87,110~~ \$86,620, 6.8 percent;

29.18 (3) On all over ~~\$87,110~~ \$86,620, but not over ~~\$161,720~~ \$166,040, 7.85 percent;

29.19 (4) On all over ~~\$161,720~~ \$166,040, but not over \$500,000, 9.85 percent.;

29.20 (5) On all over \$500,000, 11.15 percent.

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

29.24 (1) On the first ~~\$32,650~~ \$36,030, 5.35 percent;

29.25 (2) On all over ~~\$32,650~~ \$36,030, but not over ~~\$131,190~~ \$131,230, 6.8 percent;

29.26 (3) On all over ~~\$131,190~~ \$131,230, but not over ~~\$214,980~~ \$220,730, 7.85 percent;

29.27 (4) On all over ~~\$214,980~~ \$220,730, but not over \$750,000, 9.85 percent.;

29.28 (5) On all over \$750,000, 11.15 percent.

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

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

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

30.14 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~
 30.15 17, and 19 to 23, and 290.0137, paragraph (a); and reduced by

30.16 (ii) the Minnesota assignable portion of the subtraction for United States government
 30.17 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,
 30.18 subdivisions 9, 10, 14, 15, 17, 18, ~~and 27, 30, and 31~~, and 290.0137, paragraph (c), after
 30.19 applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17;
 30.20 and

30.21 (2) the denominator is the individual's federal adjusted gross income as defined in section
 30.22 62 of the Internal Revenue Code, increased by:

30.23 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~
 30.24 17, and 19 to 23, and 290.0137, paragraph (a); and reduced by

30.25 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and~~
 30.26 27, 30, and 31, and 290.0137, paragraph (c).

30.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 30.28 31, 2020.

30.29 Sec. 19. Minnesota Statutes 2020, section 290.06, subdivision 2d, is amended to read:

30.30 Subd. 2d. **Inflation adjustment of brackets.** The commissioner shall annually adjust
 30.31 the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed
 30.32 in subdivision 2c as provided in section 270C.22. The statutory year is taxable year ~~2019~~.

31.1 2021. The rate applicable to any rate bracket must not be changed. The dollar amounts
31.2 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate
31.3 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in
31.4 \$5, it must be rounded up to the nearest \$10 amount. The commissioner shall determine the
31.5 rate bracket for married filing separate returns after this adjustment is done. The rate bracket
31.6 for married filing separate must be one-half of the rate bracket for married filing joint.

31.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
31.8 31, 2021.

31.9 Sec. 20. Minnesota Statutes 2020, section 290.06, subdivision 22, is amended to read:

31.10 Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes
31.11 based on net income to another state, as provided in paragraphs (b) through (f), upon income
31.12 allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state
31.13 if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who
31.14 is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who
31.15 is subject to income tax as a resident in the state of the individual's domicile is not allowed
31.16 this credit unless the state of domicile does not allow a similar credit.

31.17 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax
31.18 payable under this chapter by the ratio derived by dividing the income subject to tax in the
31.19 other state that is also subject to tax in Minnesota while a resident of Minnesota by the
31.20 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue
31.21 Code, modified by the addition required by section 290.0131, subdivision 2, and the
31.22 subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated
31.23 or assigned to Minnesota under sections 290.081 and 290.17.

31.24 (c) If the taxpayer is an athletic team that apportions all of its income under section
31.25 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this
31.26 chapter by the ratio derived from dividing the total net income subject to tax in the other
31.27 state by the taxpayer's Minnesota taxable income.

31.28 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of
31.29 tax so paid to the other state on the gross income earned within the other state subject to
31.30 tax under this chapter; and

31.31 (2) the allowance of the credit does not reduce the taxes paid under this chapter to an
31.32 amount less than what would be assessed if the gross income earned within the other state
31.33 were excluded from taxable net income.

32.1 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the
32.2 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum
32.3 distribution that is also subject to tax under section 290.032, and shall not exceed the tax
32.4 assessed under section 290.032. To the extent the total lump-sum distribution defined in
32.5 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or
32.6 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution
32.7 allowed under section 290.032, subdivision 2, includes tax paid to another state that is
32.8 properly apportioned to that distribution.

32.9 (f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax
32.10 in such other state on that same income after the Minnesota statute of limitations has expired,
32.11 the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any
32.12 statute of limitations to the contrary. The claim for the credit must be submitted within one
32.13 year from the date the taxes were paid to the other state. The taxpayer must submit sufficient
32.14 proof to show entitlement to a credit.

32.15 (g) For the purposes of this subdivision, a resident shareholder of a corporation treated
32.16 as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed
32.17 on the shareholder in an amount equal to the shareholder's pro rata share of any net income
32.18 tax paid by the S corporation to another state. For the purposes of the preceding sentence,
32.19 the term "net income tax" means any tax imposed on or measured by a corporation's net
32.20 income.

32.21 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a
32.22 partnership under the Internal Revenue Code must be considered to have paid a tax imposed
32.23 on the partner in an amount equal to the partner's pro rata share of any net income tax paid
32.24 by the partnership to another state. For purposes of the preceding sentence, the term "net
32.25 income" tax means any tax imposed on or measured by a partnership's net income. For
32.26 purposes of this paragraph, "partnership" includes a limited liability company and "partner"
32.27 includes a member of a limited liability company.

32.28 (i) For the purposes of this subdivision, "another state":

32.29 (1) includes:

32.30 (i) the District of Columbia; and

32.31 (ii) a province or territory of Canada; but

32.32 (2) excludes Puerto Rico and the several territories organized by Congress.

33.1 (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state
33.2 by state basis.

33.3 (k) For a tax imposed by a province or territory of Canada, the tax for purposes of this
33.4 subdivision is the excess of the tax over the amount of the foreign tax credit allowed under
33.5 section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit
33.6 allowed, the net income taxes imposed by Canada on the income are deducted first. Any
33.7 remaining amount of the allowable foreign tax credit reduces the provincial or territorial
33.8 tax that qualifies for the credit under this subdivision.

33.9 (l)(1) The credit allowed to a qualifying individual under this section for tax paid to a
33.10 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount
33.11 calculated by multiplying:

33.12 (i) the difference between the preliminary credit and the credit calculated under paragraphs
33.13 (b) and (d), by

33.14 (ii) the ratio derived by dividing the income subject to tax in the qualifying state that
33.15 consists of compensation for performance of personal or professional services by the total
33.16 amount of income subject to tax in the qualifying state.

33.17 (2) If the amount of the credit that a qualifying individual is eligible to receive under
33.18 clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before
33.19 the application of the credit calculated under clause (1), the commissioner shall refund the
33.20 excess to the qualifying individual. An amount sufficient to pay the refunds required by this
33.21 subdivision is appropriated to the commissioner from the general fund.

33.22 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying
33.23 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying
33.24 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"
33.25 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received
33.26 compensation during the taxable year for the performance of personal or professional services
33.27 within a qualifying state; and "qualifying state" means a state with which an agreement
33.28 under section 290.081 is not in effect for the taxable year but was in effect for a taxable
33.29 year beginning before January 1, 2010.

33.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
33.31 31, 2020.

34.1 Sec. 21. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to
34.2 read:

34.3 Subd. 39. **Film production credit.** (a) A taxpayer, including a taxpayer to whom a credit
34.4 has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax
34.5 imposed by this chapter equal to the amount certified on a credit certificate under section
34.6 116U.27, subject to the limitations in this subdivision.

34.7 (b) The credit is limited to the liability for tax, as computed under this chapter, for the
34.8 taxable year. If the amount of the credit determined under this subdivision for any taxable
34.9 year exceeds this limitation, the excess is a film production credit carryover to each of the
34.10 five succeeding taxable years. The entire amount of the excess unused credit for the taxable
34.11 year is carried first to the earliest of the taxable years to which the credit may be carried
34.12 and then to each successive year to which the credit may be carried. The amount of the
34.13 unused credit that may be added under this paragraph must not exceed the taxpayer's liability
34.14 for tax, less any film production credit for the taxable year.

34.15 (c) Credits allowed to a partnership, a limited liability company taxed as a partnership,
34.16 or an S corporation are passed through to the partners, members, shareholders, or owners,
34.17 respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's
34.18 share of the entity's assets, or as specially allocated in the organizational documents or any
34.19 other executed agreement, as of the last day of the taxable year.

34.20 (d) Notwithstanding the approval and certification by the commissioner of employment
34.21 and economic development under section 116U.27, the commissioner may utilize any audit
34.22 and examination powers under chapter 270C or 289A to the extent necessary to verify that
34.23 the taxpayer is eligible for the credit and to assess the amount of any improperly claimed
34.24 credit. The commissioner may only assess the original recipient of the credit certificate for
34.25 the amount of improperly claimed credits. The commissioner may not assess a credit
34.26 certificate transferee for any amount of improperly claimed credits, and a transferee's claim
34.27 for credit is not affected by the commissioner's assessment of improperly claimed credits
34.28 against the transferor.

34.29 (e) This subdivision expires January 1, 2025, for taxable years beginning after December
34.30 31, 2024, except that the expiration of this section does not affect the commissioner of
34.31 revenue's authority to audit or power of examination and assessment for credits claimed
34.32 under this subdivision.

34.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
34.34 31, 2020, and before January 1, 2025.

35.1 Sec. 22. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to
35.2 read:

35.3 Subd. 40. **Pass-through entity tax credit.** (a) A qualifying owner of a qualifying entity
35.4 that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may
35.5 claim a credit against the tax due under this chapter equal to the amount of the owner's tax
35.6 liability as calculated under section 289A.08, subdivision 7a, paragraph (d).

35.7 (b) If the amount of the credit the taxpayer may claim under this subdivision exceeds
35.8 the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the
35.9 excess to the taxpayer. The amount necessary to pay the claim for the refund provided in
35.10 this subdivision is appropriated from the general fund to the commissioner of revenue.

35.11 (c) For purposes of this subdivision, "qualifying entity," "qualifying owner," and "tax
35.12 liability" have the meanings given in section 289A.08, subdivision 7a, paragraphs (a) and
35.13 (d).

35.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
35.15 31, 2020.

35.16 Sec. 23. Minnesota Statutes 2020, section 290.0671, subdivision 1, is amended to read:

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

35.21 (b) A taxpayer who is a resident of Minnesota and is otherwise eligible for the credit
35.22 under section 32 of the Internal Revenue Code may qualify for the credit under this section
35.23 under one or more of the following exceptions:

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

35.28 (2) ~~a taxpayer who is otherwise eligible for a credit under section 32 of the Internal~~
35.29 ~~Revenue Code remains eligible for the credit even if~~ the taxpayer otherwise qualifies for a
35.30 credit under this section and the taxpayer's earned income or adjusted gross income exceeds
35.31 the income limitation under section 32 of the Internal Revenue Code; or

36.1 (3) the taxpayer does not meet the requirements of section 32(m) of the Internal Revenue
 36.2 Code but provides an individual taxpayer identification number.

36.3 ~~(b)~~ (c) For individuals with no qualifying children, the credit equals ~~3.9~~ 5 percent of the
 36.4 first ~~\$7,150~~ \$8,000 of earned income. The credit is reduced by 2.0 percent of earned income
 36.5 or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in
 36.6 no case is the credit less than zero.

36.7 ~~(e)~~ (d) For individuals with one qualifying child, the credit equals 9.35 percent of the
 36.8 first ~~\$11,950~~ \$12,270 of earned income. The credit is reduced by 6.0 percent of earned
 36.9 income or adjusted gross income, whichever is greater, in excess of the phaseout threshold,
 36.10 but in no case is the credit less than zero.

36.11 ~~(d)~~ (e) For individuals with two qualifying children, the credit equals 11 percent of the
 36.12 first ~~\$19,600~~ \$20,120 of earned income. The credit is reduced by 10.5 percent of earned
 36.13 income or adjusted gross income, whichever is greater, in excess of the phaseout threshold,
 36.14 but in no case is the credit less than zero.

36.15 ~~(e)~~ (f) For individuals with three or more qualifying children, the credit equals 12.5
 36.16 percent of the first ~~\$20,000~~ \$20,530 of earned income. The credit is reduced by 10.5 percent
 36.17 of earned income or adjusted gross income, whichever is greater, in excess of the phaseout
 36.18 threshold, but in no case is the credit less than zero.

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

36.21 ~~(g)~~ (h) For a person who was a resident for the entire tax year and has earned income
 36.22 not subject to tax under this chapter, including income excluded under section 290.0132,
 36.23 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross
 36.24 income reduced by the earned income not subject to tax under this chapter over federal
 36.25 adjusted gross income. For purposes of this paragraph, the following clauses are not
 36.26 considered "earned income not subject to tax under this chapter":

36.27 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

36.28 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

36.29 (3) income derived from an Indian reservation by an enrolled member of the reservation
 36.30 while living on the reservation.

36.31 ~~(h)~~ (i) For the purposes of this section, the phaseout threshold equals:

36.32 (1) ~~\$14,570~~ \$14,960 for married taxpayers filing joint returns with no qualifying children;

- 37.1 (2) ~~\$8,730~~ \$8,960 for all other taxpayers with no qualifying children;
- 37.2 (3) ~~\$28,610~~ \$29,380 for married taxpayers filing joint returns with one qualifying child;
- 37.3 (4) ~~\$22,770~~ \$23,380 for all other taxpayers with one qualifying child;
- 37.4 (5) ~~\$32,840~~ \$33,720 for married taxpayers filing joint returns with two qualifying
- 37.5 children;
- 37.6 (6) ~~\$27,000~~ \$27,720 for all other taxpayers with two qualifying children;
- 37.7 (7) ~~\$33,140~~ \$34,030 for married taxpayers filing joint returns with three or more
- 37.8 qualifying children; and
- 37.9 (8) ~~\$27,300~~ \$28,030 for all other taxpayers with three or more qualifying children.

37.10 ~~(i)~~ (j) The commissioner shall construct tables showing the amount of the credit at various

37.11 income levels and make them available to taxpayers. The tables shall follow the schedule

37.12 contained in this subdivision, except that the commissioner may graduate the transition

37.13 between income brackets.

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

37.15 31, 2020.

37.16 Sec. 24. Minnesota Statutes 2020, section 290.0671, subdivision 1a, is amended to read:

37.17 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms "Qualifying

37.18 child," and have the meanings given.

37.19 (b) "Earned income," have has the meanings meaning given in section 32(c) of the

37.20 Internal Revenue Code, and the term "adjusted gross income" has the meaning given in

37.21 section 62 of the Internal Revenue Code.

37.22 (c) "Earned income of the lesser-earning spouse" has the meaning given in section

37.23 290.0675, subdivision 1, paragraph (d).

37.24 (d) "Qualifying child" has the meaning given in section 32(c) of the Internal Revenue

37.25 Code, except that the requirements of section 32(m) of the Internal Revenue Code do not

37.26 apply for the purposes of determining a qualifying child if the taxpayer provides an individual

37.27 taxpayer identification number.

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

37.29 31, 2020.

38.1 Sec. 25. Minnesota Statutes 2020, section 290.0671, subdivision 7, is amended to read:

38.2 Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned
38.3 income amounts used to calculate the credit and the phase-out thresholds in subdivision 1
38.4 as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2021.

38.5 Sec. 26. Minnesota Statutes 2020, section 290.0674, subdivision 2a, is amended to read:

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

38.8 (1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code;
38.9 and

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

38.11 (i) all nontaxable income;

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

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

38.18 (iv) cash public assistance and relief;

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

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

38.26 (vii) workers' compensation;

38.27 (viii) nontaxable strike benefits;

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

39.1 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
39.2 1986, as amended through December 31, 1995;

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

39.8 (xii) nontaxable scholarship or fellowship grants;

39.9 (xiii) the amount of deduction allowed under section ~~199~~ 199A(g) of the Internal Revenue
39.10 Code;

39.11 (xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
39.12 Code;

39.13 (xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue
39.14 Code; and

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

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

39.22 (b) "Income" does not include:

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

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

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

39.28 (4) relief granted under chapter 290A;

39.29 (5) child support payments received under a temporary or final decree of dissolution or
39.30 legal separation; and

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

40.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 40.5 31, 2020.

40.6 Sec. 27. Minnesota Statutes 2020, section 290.0681, subdivision 10, is amended to read:

40.7 Subd. 10. **Sunset.** This section expires after fiscal year ~~2021~~ 2029, except that the office's
 40.8 authority to issue credit certificates under subdivision 4 based on allocation certificates that
 40.9 were issued before fiscal year ~~2022~~ 2030 remains in effect through ~~2024~~ 2032, and the
 40.10 reporting requirements in subdivision 9 remain in effect through the year following the year
 40.11 in which all allocation certificates have either been canceled or resulted in issuance of credit
 40.12 certificates, or ~~2025~~ 2033, whichever is earlier.

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

40.14 Sec. 28. Minnesota Statutes 2020, section 290.0682, is amended to read:

40.15 **290.0682 STUDENT LOAN CREDIT.**

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

40.18 (b) "Adjusted gross income" means federal adjusted gross income as defined in section
 40.19 62 of the Internal Revenue Code.

40.20 (c) "Earned income" has the meaning given in section ~~32(e) of the Internal Revenue~~
 40.21 ~~Code~~ 290.0675, subdivision 1, paragraph (b).

40.22 (d) "Eligible individual" means a resident individual with one or more qualified education
 40.23 loans related to an undergraduate or graduate degree program at a postsecondary educational
 40.24 institution.

40.25 (e) "Eligible loan payments" means the amount the eligible individual paid during the
 40.26 taxable year in principal and interest on qualified education loans.

40.27 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary
 40.28 institution eligible for state student aid under section 136A.103 or, if the institution is not
 40.29 located in this state, a public or nonprofit postsecondary institution participating in the
 40.30 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law
 40.31 89-329, as amended.

41.1 (g) "Qualified education loan" has the meaning given in section 221 of the Internal
41.2 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

41.3 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax
41.4 due under this chapter.

41.5 (b) The credit for an eligible individual equals the least of:

41.6 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income
41.7 in excess of \$10,000, but in no case less than zero;

41.8 (2) the earned income for the taxable year of the eligible individual, if any;

41.9 (3) the sum of:

41.10 (i) the interest portion of eligible loan payments made during the taxable year; and

41.11 (ii) ten percent of the original loan amount of all qualified education loans of the eligible
41.12 individual; or

41.13 (4) \$500.

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

41.16 (d) In the case of a married couple, each spouse is eligible for the credit in this section.
41.17 For the purposes of paragraph (b), for married taxpayers filing joint returns, each spouse's
41.18 adjusted gross income equals the spouse's percentage share of the couple's earned income,
41.19 multiplied by the couple's combined adjusted gross income.

41.20 Subd. 3. **Credit refundable; appropriation.** (a) If the amount of credit which a claimant
41.21 is eligible to receive under this section exceeds the claimant's tax liability under this chapter,
41.22 the commissioner shall refund the excess to the claimant.

41.23 (b) An amount sufficient to pay the refunds required by this section is appropriated to
41.24 the commissioner from the general fund.

41.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
41.26 31, 2020.

41.27 Sec. 29. Minnesota Statutes 2020, section 290.0685, subdivision 1, is amended to read:

41.28 Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the
41.29 tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth~~
41.30 ~~resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this
41.31 section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child~~

42.1 ~~would have been a dependent of the taxpayer as defined in section 152 of the Internal~~
 42.2 ~~Revenue Code.~~

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

42.5 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 42.6 after December 31, 2015.

42.7 Sec. 30. Minnesota Statutes 2020, section 290.0685, is amended by adding a subdivision
 42.8 to read:

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

42.11 (b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued
 42.12 under section 144.2151 or for a birth occurring in another state or country a similar certificate
 42.13 issued under that state's or country's law.

42.14 (c) "Eligible individual" means an individual who is:

42.15 (1)(i) a resident; or

42.16 (ii) the nonresident spouse of a resident who is a member of armed forces of the United
 42.17 States or the United Nations; and

42.18 (2)(i) the individual who gave birth resulting in stillbirth and is listed as a parent on the
 42.19 certificate of birth;

42.20 (ii) if no individual meets the requirements of clause (i) for a stillbirth that occurs in this
 42.21 state, then the first parent listed on the certificate of birth resulting in still birth; or

42.22 (iii) the individual who gave birth resulting in stillbirth for a birth outside of this state
 42.23 for which no certificate of birth was issued.

42.24 (d) "Stillbirth" means a birth for which a fetal death report would be required under
 42.25 section 144.222, subdivision 1, if the birth occurred in this state.

42.26 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 42.27 after December 31, 2015.

42.28 Sec. 31. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

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

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

43.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section
43.4 55(b)(2) of the Internal Revenue Code;

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

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

43.8 (ii) the medical expense deduction;

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

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

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

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

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

43.22 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, ~~and 16,~~ and
43.23 19 to 23;

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

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

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

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

44.1 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
44.2 3, to the extent included in federal alternative minimum taxable income;

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

44.7 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
44.8 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, ~~and~~ 26 to 29, 30, and 31;

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

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

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

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

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

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

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

44.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
44.25 31, 2020.

44.26 Sec. 32. Minnesota Statutes 2020, section 290.17, is amended by adding a subdivision to
44.27 read:

44.28 **Subd. 4a. Controlled foreign corporations.** (a) For purposes of applying subdivision
44.29 4, a controlled foreign corporation as defined in section 957 of the Internal Revenue Code
44.30 is deemed to be a domestic corporation if:

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

45.4 (2) the controlled foreign corporation is a member of a unitary group.

45.5 (b) In the event the taxpayer fails to designate the controlled foreign corporation as a
45.6 member of a unitary group and the commissioner subsequently determines that the controlled
45.7 foreign corporation is a member of a unitary group, the commissioner's determination is
45.8 prima facie valid. The taxpayer subject to the determination has the burden of establishing
45.9 the incorrectness of the determination in any related action or proceeding.

45.10 (c) For purposes of imposing a tax under this chapter, the federal taxable income of a
45.11 controlled foreign corporation deemed to be a domestic corporation under this subdivision
45.12 must be computed as follows:

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

45.15 (2) except as determined by the commissioner or otherwise provided by law, adjustments
45.16 must be made to the profit and loss statement to conform the statement to the accounting
45.17 principles generally accepted in the United States for the preparation of those statements;

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

45.20 (4) unless otherwise authorized by the commissioner, the apportionment factors and
45.21 profit and loss statement of each member of the combined group must be converted into
45.22 the currency in which the parent company maintains its books and records; and

45.23 (5) the taxpayer's apportionment factors and profit and loss statement must be expressed
45.24 in United States dollars.

45.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
45.26 31, 2020.

45.27 Sec. 33. Minnesota Statutes 2020, section 290.17, is amended by adding a subdivision to
45.28 read:

45.29 **Subd. 4b. Worldwide election.** (a) Taxpayer members of a unitary group, of which one
45.30 or more members are deemed to be domestic corporations under subdivision 4a for the
45.31 taxable year, may elect to determine each of their apportioned shares of the net business
45.32 income or loss of the combined group under a worldwide election. Under the election,

46.1 taxpayer members must take into account the entire income and apportionment factors of
46.2 each member of the unitary group, regardless of the place where a member is incorporated
46.3 or formed. Corporations or other entities incorporated or formed outside of the United States
46.4 are subject to the requirements of subdivision 4a, paragraph (c), in reporting their income.

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

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

46.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
46.10 31, 2020.

46.11 Sec. 34. Minnesota Statutes 2020, section 290.17, is amended by adding a subdivision to
46.12 read:

46.13 Subd. 4c. **Withdrawal; reinstatement.** (a) The election under subdivision 4b, paragraph
46.14 (a), may be withdrawn:

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

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

46.18 (i) file a written withdrawal request with the commissioner;

46.19 (ii) demonstrate that they would experience an extraordinary financial hardship due to
46.20 increased tax arising from unforeseen changes in this state's tax statutes, laws, or policies;
46.21 and

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

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

46.30 (c) Notwithstanding the requirement binding withdrawal for ten years under paragraph
46.31 (b), the election may be reinstated if the taxpayer members:

47.1 (1) file a written reinstatement request with the commissioner;

47.2 (2) demonstrate that they would experience an extraordinary hardship due to unforeseen
 47.3 changes in this state's tax statutes, laws, or policies; and

47.4 (3) receive written permission from the commissioner approving the reinstatement, which
 47.5 the commissioner may grant.

47.6 (d) A reinstatement under paragraph (c) is binding for a period of ten years. The withdrawal
 47.7 provisions of paragraph (a) apply to a reinstatement under paragraph (c), and the provisions
 47.8 of paragraph (c) apply to a reinstatement following a subsequent withdrawal.

47.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 47.10 31, 2020.

47.11 Sec. 35. Minnesota Statutes 2020, section 290.21, subdivision 9, is amended to read:

47.12 Subd. 9. **Controlled foreign corporations.** The net income of a ~~domestic~~ corporation
 47.13 that is included pursuant to section 951 of the Internal Revenue Code is dividend income.

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

47.15 Sec. 36. Minnesota Statutes 2020, section 290.21, is amended by adding a subdivision to
 47.16 read:

47.17 Subd. 10. **Previously taxed deferred foreign income.** The amount included under
 47.18 section 290.0133, subdivision 16, is dividend income.

47.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 47.20 31, 2020.

47.21 Sec. 37. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

47.22 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold
 47.23 a tax as provided in paragraph (b) for nonresident individual partners based on their
 47.24 distributive shares of partnership income for a taxable year of the partnership.

47.25 (b) The amount of tax withheld is determined by multiplying the partner's distributive
 47.26 share allocable to Minnesota under section 290.17, paid or credited during the taxable year
 47.27 by the highest rate used to determine the income tax liability for an individual under section
 47.28 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the
 47.29 commissioner if the partner submits a withholding exemption certificate under subdivision
 47.30 5.

48.1 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the
48.2 partnership had reasonable cause to believe that no tax was due under this section.

48.3 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold
48.4 tax for a nonresident partner if:

48.5 (1) the partner elects to have the tax due paid as part of the partnership's composite return
48.6 under section 289A.08, subdivision 7;

48.7 (2) the partner has Minnesota assignable federal adjusted gross income from the
48.8 partnership of less than \$1,000; or

48.9 (3) the partnership is liquidated or terminated, the income was generated by a transaction
48.10 related to the termination or liquidation, and no cash or other property was distributed in
48.11 the current or prior taxable year;

48.12 (4) the distributive shares of partnership income are attributable to:

48.13 (i) income required to be recognized because of discharge of indebtedness;

48.14 (ii) income recognized because of a sale, exchange, or other disposition of real estate,
48.15 depreciable property, or property described in section 179 of the Internal Revenue Code;

48.16 or

48.17 (iii) income recognized on the sale, exchange, or other disposition of any property that
48.18 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of
48.19 the Internal Revenue Code

48.20 to the extent that the income does not include cash received or receivable or, if there is cash
48.21 received or receivable, to the extent that the cash is required to be used to pay indebtedness
48.22 by the partnership or a secured debt on partnership property; ~~or~~

48.23 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the
48.24 Internal Revenue Code; or

48.25 (6) the partnership has elected to pay the pass-through entity tax under section 289A.08,
48.26 subdivision 7a.

48.27 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
48.28 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an
48.29 employer.

48.30 (f) To the extent that income is exempt from withholding under paragraph (d), clause
48.31 (4), the commissioner has a lien in an amount up to the amount that would be required to
48.32 be withheld with respect to the income of the partner attributable to the partnership interest,

49.1 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63
49.2 from the date of assessment of the tax against the partner, and attaches to that partner's share
49.3 of the profits and any other money due or to become due to that partner in respect of the
49.4 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity
49.5 for recording the lien. The notice has the force and effect of a levy under section 270C.67,
49.6 and is enforceable against the partnership in the manner provided by that section. Upon
49.7 payment in full of the liability subsequent to the notice of lien, the partnership must be
49.8 notified that the lien has been satisfied.

49.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
49.10 31, 2020.

49.11 Sec. 38. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

49.12 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in
49.13 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)
49.14 for nonresident individual shareholders their share of the corporation's income for the taxable
49.15 year.

49.16 (b) The amount of tax withheld is determined by multiplying the amount of income
49.17 allocable to Minnesota under section 290.17 by the highest rate used to determine the income
49.18 tax liability of an individual under section 290.06, subdivision 2c, except that the amount
49.19 of tax withheld may be determined by the commissioner if the shareholder submits a
49.20 withholding exemption certificate under subdivision 5.

49.21 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold
49.22 tax for a nonresident shareholder, if:

49.23 (1) the shareholder elects to have the tax due paid as part of the corporation's composite
49.24 return under section 289A.08, subdivision 7;

49.25 (2) the shareholder has Minnesota assignable federal adjusted gross income from the
49.26 corporation of less than \$1,000; ~~or~~

49.27 (3) the corporation is liquidated or terminated, the income was generated by a transaction
49.28 related to the termination or liquidation, and no cash or other property was distributed in
49.29 the current or prior taxable year; or

49.30 (4) the S corporation has elected to pay the pass-through entity tax under section 289A.08,
49.31 subdivision 7a.

50.1 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
50.2 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an
50.3 employer.

50.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
50.5 31, 2020.

50.6 Sec. 39. Minnesota Statutes 2020, section 290A.03, subdivision 3, is amended to read:

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

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

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

50.10 (i) all nontaxable income;

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

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

50.17 (iv) cash public assistance and relief;

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

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

50.25 (vii) workers' compensation;

50.26 (viii) nontaxable strike benefits;

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

50.30 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
50.31 1986, as amended through December 31, 1995;

51.1 (xi) contributions made by the claimant to an individual retirement account, including
 51.2 a qualified voluntary employee contribution; simplified employee pension plan;
 51.3 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
 51.4 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
 51.5 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
 51.6 the claimant and spouse;

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

51.9 (xiii) nontaxable scholarship or fellowship grants;

51.10 (xiv) alimony received to the extent not included in the recipient's income;

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

51.13 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
 51.14 Code; ~~and~~

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

51.17 (xviii) the amount of deduction allowed under section 199A(g) of the Internal Revenue
 51.18 Code.

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

51.24 (b) "Income" does not include:

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

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

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

- 52.1 (4) surplus food or other relief in kind supplied by a governmental agency;
- 52.2 (5) relief granted under this chapter;
- 52.3 (6) child support payments received under a temporary or final decree of dissolution or
52.4 legal separation;
- 52.5 (7) restitution payments received by eligible individuals and excludable interest as
52.6 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,
52.7 Public Law 107-16; or
- 52.8 (8) alimony paid.
- 52.9 (c) The sum of the following amounts may be subtracted from income:
- 52.10 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;
- 52.11 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;
- 52.12 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;
- 52.13 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
- 52.14 (5) for the claimant's fifth dependent, the exemption amount; and
- 52.15 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or
52.16 before December 31 of the year for which the taxes were levied or rent paid, the exemption
52.17 amount.
- 52.18 (d) For purposes of this subdivision, the following terms have the meanings given:
- 52.19 (1) "exemption amount" means the exemption amount under section 290.0121,
52.20 subdivision 1, paragraph (b), for the taxable year for which the income is reported;
- 52.21 (2) "retirement base amount" means the deductible amount for the taxable year for the
52.22 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for
52.23 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard
52.24 to whether the claimant or spouse claimed a deduction; and
- 52.25 (3) "traditional or Roth style retirement account or plan" means retirement plans under
52.26 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.
- 52.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
52.28 31, 2020.

53.1 Sec. 40. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision
53.2 to read:

53.3 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums
53.4 tax imposed under this chapter equal to the amount indicated on the credit certificate
53.5 statement issued to the company under section 116U.27. If the amount of the credit exceeds
53.6 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of
53.7 the five succeeding taxable years. The entire amount of the excess unused credit for the
53.8 taxable year must be carried first to the earliest of the taxable years to which the credit may
53.9 be carried and then to each successive year to which the credit may be carried. This credit
53.10 does not affect the calculation of fire state aid under section 477B.03 and police state aid
53.11 under section 477C.03.

53.12 (b) This subdivision expires January 1, 2025, for taxable years beginning after and
53.13 premiums received after December 31, 2024.

53.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after and for
53.15 premiums received after December 31, 2020, and before January 1, 2025.

53.16 Sec. 41. **CLARIFICATION OF SECTION 179 EXPENSING CONFORMITY.**

53.17 For taxable years beginning after December 31, 2019, no addition is required under
53.18 Minnesota Statutes, sections 290.0131, subdivision 10, and 290.0133, subdivision 12, for
53.19 property placed in service in taxable years beginning before January 1, 2020, including the
53.20 following:

53.21 (1) the addition for carryover amounts pursuant to section 179(b)(3) of the Internal
53.22 Revenue Code for property placed in service in taxable years beginning before January 1,
53.23 2020; and

53.24 (2) the addition for property placed in service in taxable years beginning before January
53.25 1, 2020, resulting from being a shareholder or partner in an S-corporation or partnership
53.26 with a taxable year that began before January 1, 2020.

53.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
53.28 after December 31, 2019.

53.29 Sec. 42. **REPEALER.**

53.30 (a) Minnesota Statutes 2020, sections 290.01, subdivision 19i; and 290.0131, subdivision
53.31 18, are repealed effective retroactively for taxable years beginning after December 31, 2015.

54.1 (b) Minnesota Statutes 2020, section 290.01, subdivision 7b, is repealed effective for
 54.2 taxable years beginning after December 31, 2020.

54.3 ARTICLE 3

54.4 PARTNERSHIP AUDITS

54.5 Section 1. Minnesota Statutes 2020, section 270C.445, subdivision 6, is amended to read:

54.6 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The
 54.7 commissioner may impose an administrative penalty of not more than \$1,000 per violation
 54.8 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
 54.9 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
 54.10 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
 54.11 returns electronically to the state, if the commissioner determines the tax preparer engaged
 54.12 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
 54.13 is subject to the contested case procedure under chapter 14. The commissioner shall collect
 54.14 the penalty in the same manner as the income tax. There is no right to make a claim for
 54.15 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
 54.16 under this paragraph are public data.

54.17 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
 54.18 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
 54.19 issue an administrative order to the tax preparer requiring the tax preparer to cease and
 54.20 desist from committing the violation. The administrative order may include an administrative
 54.21 penalty provided in paragraph (a).

54.22 (c) If the commissioner issues an administrative order under paragraph (b), the
 54.23 commissioner must send the order to the tax preparer addressed to the last known address
 54.24 of the tax preparer.

54.25 (d) A cease and desist order under paragraph (b) must:

54.26 (1) describe the act, conduct, or practice committed and include a reference to the law
 54.27 that the act, conduct, or practice violates; and

54.28 (2) provide notice that the tax preparer may request a hearing as provided in this
 54.29 subdivision.

54.30 (e) Within 30 days after the commissioner issues an administrative order under paragraph
 54.31 (b), the tax preparer may request a hearing to review the commissioner's action. The request
 54.32 for hearing must be made in writing and must be served on the commissioner at the address

55.1 specified in the order. The hearing request must specifically state the reasons for seeking
55.2 review of the order. The date on which a request for hearing is served by mail is the postmark
55.3 date on the envelope in which the request for hearing is mailed.

55.4 (f) If a tax preparer does not timely request a hearing regarding an administrative order
55.5 issued under paragraph (b), the order becomes a final order of the commissioner and is not
55.6 subject to review by any court or agency.

55.7 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
55.8 under paragraph (b), the hearing must be commenced within ten days after the commissioner
55.9 receives the request for a hearing.

55.10 (h) A hearing timely requested under paragraph (e) is subject to the contested case
55.11 procedure under chapter 14, as modified by this subdivision. The administrative law judge
55.12 must issue a report containing findings of fact, conclusions of law, and a recommended
55.13 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,
55.14 or the submission of written arguments, whichever is later.

55.15 (i) Within five days of the date of the administrative law judge's report issued under
55.16 paragraph (h), any party aggrieved by the administrative law judge's report may submit
55.17 written exceptions and arguments to the commissioner. Within 15 days after receiving the
55.18 administrative law judge's report, the commissioner must issue an order vacating, modifying,
55.19 or making final the administrative order.

55.20 (j) The commissioner and the tax preparer requesting a hearing may by agreement
55.21 lengthen any time periods prescribed in paragraphs (g) to (i).

55.22 (k) An administrative order issued under paragraph (b) is in effect until it is modified
55.23 or vacated by the commissioner or an appellate court. The administrative hearing provided
55.24 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
55.25 the exclusive remedy for a tax preparer aggrieved by the order.

55.26 (l) The commissioner may impose an administrative penalty, in addition to the penalty
55.27 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
55.28 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
55.29 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
55.30 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
55.31 penalty order. The request for hearing must be made in writing and must be served on the
55.32 commissioner at the address specified in the order. The hearing request must specifically
55.33 state the reasons for seeking review of the order. The cease and desist order issued under
55.34 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under

56.1 this paragraph. The date on which a request for hearing is served by mail is the postmark
 56.2 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
 56.3 timely request a hearing, the penalty order becomes a final order of the commissioner and
 56.4 is not subject to review by any court or agency. A penalty imposed by the commissioner
 56.5 under this paragraph may be collected and enforced by the commissioner as an income tax
 56.6 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
 56.7 imposed under this paragraph. A penalty imposed under this paragraph is public data.

56.8 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
 56.9 commissioner may terminate the tax preparer's authority to transmit returns electronically
 56.10 to the state. Termination under this paragraph is public data.

56.11 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
 56.12 order.

56.13 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
 56.14 action under this subdivision against a tax preparer, with respect to a return, within the
 56.15 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.382.

56.16 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
 56.17 a tax preparer under this subdivision, other than with respect to a return, must be taken by
 56.18 the commissioner within five years of the violation of statute.

56.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 56.20 after December 31, 2017, except that for partnerships that make an election under Code of
 56.21 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 56.22 and applies to the same tax periods to which the election relates.

56.23 Sec. 2. Minnesota Statutes 2020, section 289A.31, subdivision 1, is amended to read:

56.24 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**
 56.25 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining
 56.26 company, and corporate franchise taxes, and interest and penalties, must be paid by the
 56.27 taxpayer upon whom the tax is imposed, except in the following cases:

56.28 (1) the tax due from a decedent for that part of the taxable year in which the decedent
 56.29 died during which the decedent was alive and the taxes, interest, and penalty due for the
 56.30 prior years must be paid by the decedent's personal representative, if any. If there is no
 56.31 personal representative, the taxes, interest, and penalty must be paid by the transferees, as
 56.32 defined in section 270C.58, subdivision 3, to the extent they receive property from the
 56.33 decedent;

57.1 (2) the tax due from an infant or other incompetent person must be paid by the person's
57.2 guardian or other person authorized or permitted by law to act for the person;

57.3 (3) the tax due from the estate of a decedent must be paid by the estate's personal
57.4 representative;

57.5 (4) the tax due from a trust, including those within the definition of a corporation, as
57.6 defined in section 290.01, subdivision 4, must be paid by a trustee; and

57.7 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,
57.8 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge
57.9 of the business or property so far as the tax is due to the income from the business or property.

57.10 (b) Entertainment taxes are the joint and several liability of the entertainer and the
57.11 entertainment entity. The payor is liable to the state for the payment of the tax required to
57.12 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the
57.13 entertainer for the amount of the payment.

57.14 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.382, subdivision
57.15 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the
57.16 general partners.

57.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
57.18 after December 31, 2017, except that for partnerships that make an election under Code of
57.19 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
57.20 and applies to the same tax periods to which the election relates.

57.21 Sec. 3. Minnesota Statutes 2020, section 289A.37, subdivision 2, is amended to read:

57.22 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous
57.23 refund occurs when the commissioner issues a payment to a person that exceeds the amount
57.24 the person is entitled to receive under law. An erroneous refund is considered an
57.25 underpayment of tax on the date issued.

57.26 (b) To the extent that the amount paid does not exceed the amount claimed by the
57.27 taxpayer, an erroneous refund does not include the following:

57.28 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
57.29 taxpayer, including but not limited to refunds of claims made under section 290.06,
57.30 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
57.31 290.0681; or 290.0692; or chapter 290A; or

58.1 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a
58.2 taxpayer.

58.3 (c) The commissioner may make an assessment to recover an erroneous refund at any
58.4 time within two years from the issuance of the erroneous refund. If all or part of the erroneous
58.5 refund was induced by fraud or misrepresentation of a material fact, the assessment may
58.6 be made at any time.

58.7 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
58.8 conducted under ~~section~~ sections 289A.38 to 289A.382.

58.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
58.10 after December 31, 2017, except that for partnerships that make an election under Code of
58.11 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
58.12 and applies to the same tax periods to which the election relates.

58.13 Sec. 4. Minnesota Statutes 2020, section 289A.38, subdivision 7, is amended to read:

58.14 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
58.15 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
58.16 period, as reported to the Internal Revenue Service is changed or corrected by the
58.17 commissioner of Internal Revenue or other officer of the United States or other competent
58.18 authority, or where a renegotiation of a contract or subcontract with the United States results
58.19 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
58.20 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
58.21 report the ~~change or correction or renegotiation results~~ federal adjustments in writing to the
58.22 commissioner. The federal adjustments report must be submitted within 180 days after the
58.23 final determination date and must be in the form of either an amended Minnesota estate,
58.24 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of
58.25 the federal ~~determination~~ adjustment or a letter detailing how the federal ~~determination~~
58.26 adjustment is incorrect or does not change the Minnesota tax. An amended Minnesota
58.27 income tax return must be accompanied by an amended property tax refund return, if
58.28 necessary. A taxpayer filing an amended federal tax return must also file a copy of the
58.29 amended return with the commissioner of revenue within 180 days after filing the amended
58.30 return.

58.31 (b) ~~For the purposes of paragraph (a), a change or correction includes any case where a~~
58.32 ~~taxpayer reaches a closing agreement or compromise with the Internal Revenue Service~~
58.33 ~~under section 7121 or 7122 of the Internal Revenue Code.~~ In the case of a final federal
58.34 adjustment arising from a partnership-level audit or an administrative adjustment request

59.1 filed by a partnership under section 6227 of the Internal Revenue Code, a taxpayer must
 59.2 report adjustments as provided for under section 289A.382, and not this section.

59.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 59.4 after December 31, 2017, except that for partnerships that make an election under Code of
 59.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 59.6 and applies to the same tax periods to which the election relates.

59.7 Sec. 5. Minnesota Statutes 2020, section 289A.38, subdivision 8, is amended to read:

59.8 Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails
 59.9 to make a federal adjustments report as required by subdivision 7 or section 289A.382, the
 59.10 commissioner may recompute the tax, including a refund, based on information available
 59.11 to the commissioner. The tax may be recomputed within six years after the federal
 59.12 adjustments report should have been filed, notwithstanding any period of limitations to the
 59.13 contrary.

59.14 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 59.15 after December 31, 2017, except that for partnerships that make an election under Code of
 59.16 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 59.17 and applies to the same tax periods to which the election relates.

59.18 Sec. 6. Minnesota Statutes 2020, section 289A.38, subdivision 9, is amended to read:

59.19 Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is
 59.20 required to make a federal adjustments report under subdivision 7 or section 289A.382, and
 59.21 does report the change or files a copy of the amended return, the commissioner may
 59.22 recompute and reassess the tax due, including a refund (1) within one year after the federal
 59.23 adjustments report or amended return is filed with the commissioner, notwithstanding any
 59.24 period of limitations to the contrary, or (2) within any other applicable period stated in this
 59.25 section, whichever period is longer. The period provided for the carryback of any amount
 59.26 of loss or credit is also extended as provided in this subdivision, notwithstanding any law
 59.27 to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but
 59.28 for this subdivision, the commissioner's time period to adjust the tax has expired, the
 59.29 additional tax due or refund is limited to only those changes that are required to be made
 59.30 to the return which relate to the changes made on the federal return. This subdivision does
 59.31 not apply to sales and use tax.

59.32 For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is
 59.33 the physical presence of examiners in the taxpayer's or taxpayer's representative's office

60.1 conducting an examination of the taxpayer with the intention of issuing an assessment or
60.2 notice of change in tax or which results in the issuing of an assessment or notice of change
60.3 in tax. The examination may include inspecting a taxpayer's place of business, tangible
60.4 personal property, equipment, computer systems and facilities, pertinent books, records,
60.5 papers, vouchers, computer printouts, accounts, and documents.

60.6 A taxpayer may make estimated payments to the commissioner of the tax expected to
60.7 result from a pending audit by the Internal Revenue Service. The taxpayer may make
60.8 estimated payments prior to the due date of the federal adjustments report without the
60.9 taxpayer having to file the report with the commissioner. The commissioner must credit the
60.10 estimated tax payments against any tax liability of the taxpayer ultimately found to be due
60.11 to the commissioner. The estimated payments limit the accrual of further statutory interest
60.12 on that amount. If the estimated tax payments exceed the final tax liability plus statutory
60.13 interest ultimately determined to be due, the taxpayer is entitled to a refund or credit for the
60.14 excess, provided the taxpayer files a federal adjustments report, or claim for refund or credit
60.15 of tax, no later than one year following the final determination date.

60.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
60.17 after December 31, 2017, except that for partnerships that make an election under Code of
60.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
60.19 and applies to the same tax periods to which the election relates.

60.20 Sec. 7. Minnesota Statutes 2020, section 289A.38, subdivision 10, is amended to read:

60.21 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding
60.22 any other provision of this chapter, if a taxpayer whose net income is determined under
60.23 section 290.01, subdivision 19, omits from income an amount that will under the Internal
60.24 Revenue Code extend the statute of limitations for the assessment of federal income taxes,
60.25 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting
60.26 in adjustments by the Internal Revenue Service, then the period of assessment and
60.27 determination of tax will be that under the Internal Revenue Code. When a change is made
60.28 to federal income during the extended time provided under this subdivision, the provisions
60.29 under subdivisions 7 to 9 and section 289A.382 regarding additional extensions apply.

60.30 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
60.31 after December 31, 2017, except that for partnerships that make an election under Code of
60.32 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
60.33 and applies to the same tax periods to which the election relates.

61.1 Sec. 8. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

61.2 **Subdivision 1. Definitions relating to federal adjustments.** Unless otherwise specified,
61.3 the definitions in this section apply for the purposes of sections 289A.38, subdivisions 7 to
61.4 9, 289A.381, and 289A.382.

61.5 **Subd. 2. Administrative adjustment request.** "Administrative adjustment request"
61.6 means an administrative adjustment request filed by a partnership under section 6227 of
61.7 the Internal Revenue Code.

61.8 **Subd. 3. Audited partnership.** "Audited partnership" means a partnership subject to a
61.9 federal adjustment resulting from a partnership-level audit.

61.10 **Subd. 4. Corporate partner.** "Corporate partner" means a partner that is subject to tax
61.11 under section 290.02.

61.12 **Subd. 5. Direct partner.** "Direct partner" means a partner that holds an immediate legal
61.13 ownership interest in a partnership or pass-through entity.

61.14 **Subd. 6. Exempt partner.** "Exempt partner" means a partner that is exempt from taxes
61.15 on its net income under section 290.05, subdivision 1.

61.16 **Subd. 7. Federal adjustment.** "Federal adjustment" means any change in an amount
61.17 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
61.18 item of preference, or any other item that is used by a taxpayer to compute a tax administered
61.19 under this chapter for the reviewed year whether that change results from action by the
61.20 Internal Revenue Service or other competent authority, including a partnership-level audit,
61.21 or from the filing of an amended federal return, federal refund claim, or an administrative
61.22 adjustment request by the taxpayer.

61.23 **Subd. 8. Federal adjustments report.** "Federal adjustments report" includes a method
61.24 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,
61.25 including an amended Minnesota tax return or a uniform multistate report.

61.26 **Subd. 9. Federal partnership representative.** "Federal partnership representative"
61.27 means the person the partnership designates for the taxable year as the partnership's
61.28 representative, or the person the Internal Revenue Service has appointed to act as the
61.29 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

61.30 **Subd. 10. Final determination date.** "Final determination date" means:

61.31 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or
61.32 other competent authority, the first day on which no federal adjustment arising from that

62.1 audit remains to be finally determined, whether by agreement, or, if appealed or contested,
 62.2 by a final decision with respect to which all rights of appeal have been waived or exhausted;

62.3 (2) for a federal adjustment arising from an audit or other action by the Internal Revenue
 62.4 Service or other competent authority, if the taxpayer filed as a member of a combined report
 62.5 under section 290.17, subdivision 4, the first day on which no related federal adjustments
 62.6 arising from that audit remain to be finally determined as described in clause (1) for the
 62.7 entire combined group;

62.8 (3) for a federal adjustment arising from the filing of an amended federal return, a federal
 62.9 refund claim, or the filing by a partnership of an administrative adjustment request, the date
 62.10 on which the amended return, refund claim, or administrative adjustment request was filed;
 62.11 or

62.12 (4) for agreements required to be signed by the Internal Revenue Service and the taxpayer,
 62.13 the date on which the last party signed the agreement.

62.14 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
 62.15 adjustment after the final determination date for that federal adjustment has passed.

62.16 Subd. 12. **Indirect partner.** "Indirect partner" means either:

62.17 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal
 62.18 ownership interest in another partnership or pass-through entity; or

62.19 (2) a partner in a partnership or pass-through entity that holds an indirect interest in
 62.20 another partnership or pass-through entity through another indirect partner.

62.21 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly
 62.22 in a partnership or other pass-through entity.

62.23 Subd. 14. **Partnership.** "Partnership" has the meaning provided under section 7701(a)(2)
 62.24 of the Internal Revenue Code.

62.25 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by
 62.26 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,
 62.27 subchapter C, of the Internal Revenue Code, which results in federal adjustments and
 62.28 adjustments to partnership-related items.

62.29 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a
 62.30 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through
 62.31 entity includes but is not limited to S corporations, estates, and trusts other than grantor
 62.32 trusts.

63.1 Subd. 17. **Resident partner.** "Resident partner" means an individual, trust, or estate
 63.2 partner who is a resident of Minnesota under section 290.01, subdivision 7, 7a, or 7b, for
 63.3 the relevant tax period.

63.4 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that
 63.5 is subject to a partnership-level audit from which federal adjustments arise.

63.6 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or
 63.7 pass-through entity.

63.8 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"
 63.9 has the meaning provided under section 512 of the Internal Revenue Code.

63.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 63.11 after December 31, 2017, except that for partnerships that make an election under Code of
 63.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 63.13 and applies to the same tax periods to which the election relates.

63.14 Sec. 9. **[289A.382] REPORTING AND PAYMENT REQUIREMENTS.**

63.15 Subdivision 1. **State partnership representative.** (a) With respect to an action required
 63.16 or permitted to be taken by a partnership under this section, or in a proceeding under section
 63.17 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the
 63.18 sole authority to act on behalf of the partnership, and its direct partners and indirect partners
 63.19 shall be bound by those actions.

63.20 (b) The state partnership representative for the reviewed year is the partnership's federal
 63.21 partnership representative unless the partnership, in a form and manner prescribed by the
 63.22 commissioner, designates another person as its state partnership representative.

63.23 Subd. 2. **Reporting and payment requirements for partnerships and tiered**
 63.24 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,
 63.25 or for adjustments required to be reported for federal purposes pursuant to section 6225(a)(2)
 63.26 of the Internal Revenue Code, all final federal adjustments of an audited partnership must
 63.27 comply with paragraph (b) and each direct partner of the audited partnership, other than a
 63.28 tiered partner, must comply with paragraph (c).

63.29 (b) No later than 90 days after the final determination date, the audited partnership must:

63.30 (1) file a completed federal adjustments report, including all partner-level information
 63.31 required under section 289A.12, subdivision 3, with the commissioner;

64.1 (2) notify each of its direct partners of their distributive share of the final federal
64.2 adjustments;

64.3 (3) file an amended composite report for all direct partners who were included in a
64.4 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
64.5 additional amount that would have been due had the federal adjustments been reported
64.6 properly as required; and

64.7 (4) file amended withholding reports for all direct partners who were or should have
64.8 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
64.9 year, and pay the additional amount that would have been due had the federal adjustments
64.10 been reported properly as required.

64.11 (c) No later than 180 days after the final determination date, each direct partner, other
64.12 than a tiered partner, that is subject to a tax administered under this chapter, other than the
64.13 sales tax, must:

64.14 (1) file a federal adjustments report reporting their distributive share of the adjustments
64.15 reported to them under paragraph (b), clause (2); and

64.16 (2) pay any additional amount of tax due as if the final federal adjustment had been
64.17 properly reported, plus any penalty and interest due under this chapter, and less any credit
64.18 for related amounts paid or withheld and remitted on behalf of the direct partner under
64.19 paragraph (b), clauses (3) and (4).

64.20 Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may
64.21 make an election under this subdivision to pay its assessment at the entity level. If an audited
64.22 partnership makes an election to pay its assessment at the entity level it must:

64.23 (1) no later than 90 days after the final determination date:

64.24 (i) file a completed federal adjustments report, which includes the residency information
64.25 for all individual, trust, and estate direct partners and information pertaining to all other
64.26 direct partners as prescribed by the commissioner; and

64.27 (ii) notify the commissioner that it is making the election under this subdivision; and

64.28 (2) no later than 180 days after the final determination date, pay an amount, determined
64.29 as follows, in lieu of taxes on partners:

64.30 (i) exclude from final federal adjustments the distributive share of these adjustments
64.31 made to a direct exempt partner that is not unrelated business taxable income;

65.1 (ii) exclude from final federal adjustments the distributive share of these adjustments
65.2 made to a direct partner that has filed a federal adjustments report and paid the applicable
65.3 tax, as required under subdivision 2, for the distributive share of adjustments reported on a
65.4 federal return under section 6225(c) of the Internal Revenue Code;

65.5 (iii) assign and apportion at the partnership level using sections 290.17 to 290.20 the
65.6 total distributive share of the remaining final federal adjustments for the reviewed year
65.7 attributed to direct corporate partners and direct exempt partners; multiply the total by the
65.8 highest tax rate in section 290.06, subdivision 1, for the reviewed year; and calculate interest
65.9 and penalties as applicable under this chapter;

65.10 (iv) allocate at the partnership level using section 290.17, subdivision 1, the total
65.11 distributive share of all final federal adjustments attributable to individual resident direct
65.12 partners for the reviewed year; multiply the total by the highest tax rate in section 290.06,
65.13 subdivision 2c, for the reviewed year; and calculate interest and penalties as applicable
65.14 under this chapter;

65.15 (v) assign and apportion at the partnership level using sections 290.17 to 290.20 the total
65.16 distributive share of the remaining final federal adjustments attributable to nonresident
65.17 individual direct partners and direct partners who are an estate or a trust for the reviewed
65.18 year; multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the
65.19 reviewed year; and calculate interest and penalties as applicable under this chapter;

65.20 (vi) for the total distributive share of the remaining final federal adjustments reported
65.21 to tiered partners:

65.22 (A) determine the amount of the adjustments that would be assigned using section 290.17,
65.23 subdivision 2, paragraphs (a) to (d), excluding income or gains from intangible personal
65.24 property not employed in the business of the recipient of the income or gains if the recipient
65.25 of the income or gains is a resident of this state or is a resident trust or estate under section
65.26 290.17, subdivision 2, paragraph (c), or apportioned using sections 290.17, subdivision 3,
65.27 290.191, and 290.20; and then determine the portion of the amount that would be allocated
65.28 to this state;

65.29 (B) determine the amount of the adjustments that are fully sourced to the taxpayer's state
65.30 of residency under section 290.17, subdivision 2, paragraph (e), and income or gains from
65.31 intangible personal property not employed in the business of the recipient of the income or
65.32 gains if the recipient of the income or gains is a resident of this state or is a resident trust
65.33 or estate under section 290.17, subdivision 2, paragraph (c);

66.1 (C) determine the portion of the amount determined in subitem (B) that can be established
66.2 to be properly allocable to nonresident indirect partners or other partners not subject to tax
66.3 on the adjustments; and

66.4 (D) multiply the total of the amounts determined in subitems (A) and (B) reduced by
66.5 the amount determined in subitem (C) by the highest tax rate in section 290.06, subdivision
66.6 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter;
66.7 and

66.8 (vii) add the amounts determined in items (iii) to (vi), and pay all applicable taxes,
66.9 penalties, and interest to the commissioner.

66.10 (b) An audited partnership may not make an election under this subdivision to report:

66.11 (1) a federal adjustment that results in unitary business income to a corporate partner
66.12 required to file as a member of a combined report under section 290.17, subdivision 4; or

66.13 (2) any final federal adjustments resulting from an administrative adjustment request.

66.14 (c) An audited partnership not otherwise subject to any reporting or payment obligation
66.15 to this state may not make an election under this subdivision.

66.16 Subd. 4. Tiered partners and indirect partners. The direct and indirect partners of an
66.17 audited partnership that are tiered partners, and all the partners of the tiered partners, that
66.18 are subject to tax under chapter 290 are subject to the reporting and payment requirements
66.19 contained in subdivision 2, and the tiered partners are entitled to make the elections provided
66.20 in subdivision 3. The tiered partners or their partners shall make required reports and
66.21 payments no later than 90 days after the time for filing and furnishing of statements to tiered
66.22 partners and their partners as established under section 6226 of the Internal Revenue Code.

66.23 Subd. 5. Effects of election by partnership or tiered partner and payment of amount
66.24 due. (a) Unless the commissioner determines otherwise, an election under subdivision 3 is
66.25 irrevocable.

66.26 (b) If an audited partnership or tiered partner properly reports and pays an amount
66.27 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by
66.28 the partnership's direct partners and indirect partners, to the extent applicable, on the same
66.29 final federal adjustments. The direct partners or indirect partners of the partnership who are
66.30 not resident partners may not take any deduction or credit for this amount or claim a refund
66.31 of the amount in this state.

67.1 (c) Nothing in this subdivision precludes resident direct partners from claiming a credit
 67.2 against taxes paid under section 290.06 on any amounts paid by the audited partnership or
 67.3 tiered partners on the resident partner's behalf to another state or local tax jurisdiction.

67.4 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this
 67.5 section prevents the commissioner from assessing direct partners or indirect partners for
 67.6 taxes they owe, using the best information available, in the event that, for any reason, a
 67.7 partnership or tiered partner fails to timely make any report or payment required by this
 67.8 section.

67.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 67.10 after December 31, 2017, except that for partnerships that make an election under Code of
 67.11 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 67.12 and applies to the same tax periods to which the election relates.

67.13 Sec. 10. Minnesota Statutes 2020, section 289A.42, is amended to read:

67.14 **289A.42 CONSENT TO EXTEND STATUTE.**

67.15 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in
 67.16 sections 289A.38 to 289A.382 and 289A.40 for the assessment of tax or the filing of a claim
 67.17 for refund, both the commissioner and the taxpayer have consented in writing to the
 67.18 assessment or filing of a claim for refund after that time, the tax may be assessed or the
 67.19 claim for refund filed at any time before the expiration of the agreed-upon period. The
 67.20 period may be extended by later agreements in writing before the expiration of the period
 67.21 previously agreed upon. The taxpayer and the commissioner may also agree to extend the
 67.22 period for collection of the tax.

67.23 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the
 67.24 assessment of federal withholding or income taxes, the period in which the commissioner
 67.25 may recompute the tax is also extended, notwithstanding any period of limitations to the
 67.26 contrary, as follows:

67.27 (1) for the periods provided in ~~section~~ sections 289A.38, subdivisions 8 and 9, and
 67.28 289A.382, subdivisions 2 and 3;

67.29 (2) for six months following the expiration of the extended federal period of limitations
 67.30 when no change is made by the federal authority. If no change is made by the federal
 67.31 authority, and, but for this subdivision, the commissioner's time period to adjust the tax has
 67.32 expired, and if the commissioner has completed a field audit of the taxpayer, no additional

68.1 changes resulting in additional tax due or a refund may be made. For purposes of this
68.2 subdivision, "field audit" has the meaning given ~~it~~ in section 289A.38, subdivision 9.

68.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
68.4 after December 31, 2017, except that for partnerships that make an election under Code of
68.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
68.6 and applies to the same tax periods to which the election relates.

68.7 Sec. 11. Minnesota Statutes 2020, section 289A.60, subdivision 24, is amended to read:

68.8 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to
68.9 the commissioner a change or correction of the person's federal return in the manner and
68.10 time prescribed in ~~section~~ sections 289A.38, subdivision 7, and 289A.382, there must be
68.11 added to the tax an amount equal to ten percent of the amount of any underpayment of
68.12 Minnesota tax attributable to the federal change.

68.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
68.14 after December 31, 2017, except that for partnerships that make an election under Code of
68.15 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
68.16 and applies to the same tax periods to which the election relates.

68.17 Sec. 12. Minnesota Statutes 2020, section 290.31, subdivision 1, is amended to read:

68.18 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
68.19 ~~section~~ sections 289A.35, paragraph (b), and 289A.382, subdivision 3, a partnership as such
68.20 shall not be subject to the income tax imposed by this chapter, but is subject to the tax
68.21 imposed under section 290.0922. Persons carrying on business as partners shall be liable
68.22 for income tax only in their separate or individual capacities.

68.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
68.24 after December 31, 2017, except that for partnerships that make an election under Code of
68.25 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
68.26 and applies to the same tax periods to which the election relates.

68.27 Sec. 13. Minnesota Statutes 2020, section 297F.17, subdivision 6, is amended to read:

68.28 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the
68.29 commissioner during the one-year period beginning with the timely filing of the taxpayer's
68.30 federal income tax return containing the bad debt deduction that is being claimed. Claimants
68.31 under this subdivision are subject to the notice requirements of ~~section~~ sections 289A.38,
68.32 subdivision 7, and 289A.382.

69.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 69.2 after December 31, 2017, except that for partnerships that make an election under Code of
 69.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 69.4 and applies to the same tax periods to which the election relates.

69.5 Sec. 14. Minnesota Statutes 2020, section 297G.16, subdivision 7, is amended to read:

69.6 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with
 69.7 the commissioner within one year of the filing of the taxpayer's income tax return containing
 69.8 the bad debt deduction that is being claimed. Claimants under this subdivision are subject
 69.9 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.382.

69.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 69.11 after December 31, 2017, except that for partnerships that make an election under Code of
 69.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 69.13 and applies to the same tax periods to which the election relates.

69.14 Sec. 15. Minnesota Statutes 2020, section 469.319, subdivision 4, is amended to read:

69.15 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter
 69.16 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an
 69.17 amended return with the commissioner of revenue and pay any taxes required to be repaid
 69.18 within 30 days after becoming subject to repayment under this section. The amount required
 69.19 to be repaid is determined by calculating the tax for the period or periods for which repayment
 69.20 is required without regard to the exemptions and credits allowed under section 469.315.

69.21 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any
 69.22 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of
 69.23 revenue, within 30 days after becoming subject to repayment under this section.

69.24 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement
 69.25 for the business, applying the applicable tax extension rates for each payable year and
 69.26 provide a copy to the business and to the taxpayer of record. The business must pay the
 69.27 taxes to the county treasurer within 30 days after receipt of the tax statement. The business
 69.28 or the taxpayer of record may appeal the valuation and determination of the property tax to
 69.29 the Tax Court within 30 days after receipt of the tax statement.

69.30 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority
 69.31 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment
 69.32 required under paragraphs (a) and (b). The commissioner may impose civil penalties as

70.1 provided in chapter 289A, and the additional tax and penalties are subject to interest at the
70.2 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after
70.3 becoming subject to repayment under this section until the date the tax is paid. Any penalty
70.4 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,
70.5 subdivision 3, to the date of payment of the penalty.

70.6 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the
70.7 amount required to be repaid to the property taxes assessed against the property for payment
70.8 in the year following the year in which the auditor provided the statement under paragraph
70.9 (c).

70.10 (f) For determining the tax required to be repaid, a reduction of a state or local sales or
70.11 use tax is deemed to have been received on the date that the good or service was purchased
70.12 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit
70.13 payable under section 469.318, a reduction of tax is deemed to have been received for the
70.14 two most recent tax years that have ended prior to the date that the business became subject
70.15 to repayment under this section. In the case of a property tax, a reduction of tax is deemed
70.16 to have been received for the taxes payable in the year that the business became subject to
70.17 repayment under this section and for the taxes payable in the prior year.

70.18 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time
70.19 within two years after the business becomes subject to repayment under subdivision 1, or
70.20 within any period of limitations for the assessment of tax under ~~section~~ sections 289A.38
70.21 to 289A.382, whichever period is later. The county auditor may send the statement under
70.22 paragraph (c) any time within three years after the business becomes subject to repayment
70.23 under subdivision 1.

70.24 (h) A business is not entitled to any income tax or franchise tax benefits, including
70.25 refundable credits, for any part of the year in which the business becomes subject to
70.26 repayment under this section nor for any year thereafter. Property is not exempt from tax
70.27 under section 272.02, subdivision 64, for any taxes payable in the year following the year
70.28 in which the property became subject to repayment under this section nor for any year
70.29 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
70.30 services purchased or first put to a taxable use on the day that the business becomes subject
70.31 to repayment under this section.

70.32 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
70.33 after December 31, 2017, except that for partnerships that make an election under Code of

71.1 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
71.2 and applies to the same tax periods to which the election relates.

71.3 **ARTICLE 4**
71.4 **SALES AND USE TAXES**

71.5 Section 1. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision
71.6 to read:

71.7 Subd. 38. **Season ticket purchasing rights to collegiate events.** The sale of a right to
71.8 purchase the privilege of admission to a college or university athletic event in a preferred
71.9 viewing location for a season of a particular athletic event is exempt provided that:

71.10 (1) the consideration paid for the right to purchase is used entirely to support student
71.11 scholarships, wellness, and academic costs;

71.12 (2) the consideration paid for the right to purchase is separately stated from the admission
71.13 price; and

71.14 (3) the admission price is equal to or greater than the highest priced general admission
71.15 ticket for the closest seat not in the preferred viewing location.

71.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
71.17 30, 2021.

71.18 Sec. 2. Minnesota Statutes 2020, section 297A.70, subdivision 13, is amended to read:

71.19 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by
71.20 the specified organizations for fund-raising purposes are exempt, subject to the limitations
71.21 listed in paragraph (b):

71.22 (1) all sales made by a nonprofit organization that exists solely for the purpose of
71.23 providing educational or social activities for young people primarily age 18 and under;

71.24 (2) all sales made by an organization that is a senior citizen group or association of
71.25 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized
71.26 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no
71.27 part of its net earnings inures to the benefit of any private shareholders;

71.28 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the
71.29 beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under
71.30 section 501(c)(3) of the Internal Revenue Code; and

72.1 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides
72.2 educational and social activities primarily for young people age 18 and under.

72.3 (b) The exemptions listed in paragraph (a) are limited in the following manner:

72.4 (1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first
72.5 \$20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

72.6 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
72.7 from admission charges or from activities for which the money must be deposited with the
72.8 school district treasurer under section 123B.49, subdivision 2, ~~or~~; and

72.9 (3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
72.10 from admission charges or from activities for which the money must be recorded in the
72.11 same manner as other revenues or expenditures of the school district under section 123B.49,
72.12 subdivision 4, unless the following conditions are both met:

72.13 (i) the sales are made for fund-raising purposes of a club, association, or other
72.14 organization of elementary or secondary school students organized for the purpose of
72.15 carrying on sports activities, educational activities, or other extracurricular activities; and

72.16 (ii) the school district reserves revenue raised for extracurricular activities, as provided
72.17 in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular
72.18 extracurricular activity only for that extracurricular activity.

72.19 (c) Sales of tangible personal property and services are exempt if the entire proceeds,
72.20 less the necessary expenses for obtaining the property or services, will be contributed to a
72.21 registered combined charitable organization described in section 43A.50, to be used
72.22 exclusively for charitable, religious, or educational purposes, and the registered combined
72.23 charitable organization has given its written permission for the sale. Sales that occur over
72.24 a period of more than 24 days per year are not exempt under this paragraph.

72.25 (d) For purposes of this subdivision, a club, association, or other organization of
72.26 elementary or secondary school students organized for the purpose of carrying on sports,
72.27 educational, or other extracurricular activities is a separate organization from the school
72.28 district or school for purposes of applying the \$20,000 limit.

72.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the
72.30 date of final enactment.

73.1 Sec. 3. Minnesota Statutes 2020, section 297A.70, is amended by adding a subdivision to
73.2 read:

73.3 Subd. 22. **Prepared food used by certain nonprofits.** Sales of prepared food to a
73.4 nonprofit organization that, as part of its charitable mission, is sponsoring and managing
73.5 the provision of meals and other food through the federal Child and Adult Care Food Program
73.6 or the federal Summer Food Service Program to unaffiliated centers and sites are exempt
73.7 from sales tax. Only prepared food purchased from a caterer or other business under a
73.8 contract with the nonprofit and used directly in the federal Child and Adult Care Food
73.9 Program or the federal Summer Food Service Program qualifies for this exemption. Prepared
73.10 food purchased by the nonprofit for other purposes remains taxable.

73.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
73.12 30, 2021.

73.13 Sec. 4. Minnesota Statutes 2020, section 297A.71, subdivision 52, is amended to read:

73.14 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies
73.15 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,
73.16 or remodeling of the following local government owned facilities are exempt:

73.17 (1) a new fire station, which includes firefighting, emergency management, public safety
73.18 training, and other public safety facilities in the city of Monticello if materials, supplies,
73.19 and equipment are purchased after January 31, 2019, and before January 1, 2022;

73.20 (2) a new fire station, which includes firefighting and public safety training facilities
73.21 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and
73.22 equipment are purchased after June 30, 2018, and before January 1, 2021;

73.23 (3) a fire station and police station, including access roads, lighting, sidewalks, and
73.24 utility components, on or adjacent to the property on which the fire station or police station
73.25 are located that are necessary for safe access to and use of those buildings, in the city of
73.26 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and
73.27 before January 1, ~~2021~~ 2022;

73.28 (4) the school building in Independent School District No. 414, Minneota, if materials,
73.29 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

73.30 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment
73.31 are purchased after December 31, 2018, and before January 1, 2021; and

74.1 (6) a Dakota County law enforcement collaboration center, also known as the Safety
 74.2 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,
 74.3 and equipment are purchased after June 30, 2019, and before July 1, 2021.

74.4 (b) The tax must be imposed and collected as if the rate under section 297A.62,
 74.5 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

74.6 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed
 74.7 \$850,000.

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

74.9 Sec. 5. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to
 74.10 read:

74.11 **Subd. 53. Public safety facilities.** (a) Materials and supplies used or consumed in and
 74.12 equipment incorporated into the construction, remodeling, expansion, or improvement of
 74.13 a fire station or police station, including related facilities, owned and operated by a local
 74.14 government, as defined in section 297A.70, subdivision 2, paragraph (d), are exempt.

74.15 (b) For purposes of this subdivision, "related facilities" includes access roads, lighting,
 74.16 sidewalks, and utility components on or adjacent to the property on which the fire station
 74.17 or police station is located that are necessary for safe access to and use of those buildings.

74.18 (c) The tax must be imposed and collected as if the rate under section 297A.62,
 74.19 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

74.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 74.21 30, 2021.

74.22 Sec. 6. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

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

74.26 (1) building materials for an agricultural processing facility exempt under section
 74.27 297A.71, subdivision 13;

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

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

- 75.1 (4) building materials used in a residence for veterans with a disability exempt under
75.2 section 297A.71, subdivision 11;
- 75.3 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 75.4 (6) materials and supplies for qualified low-income housing under section 297A.71,
75.5 subdivision 23;
- 75.6 (7) materials, supplies, and equipment for municipal electric utility facilities under
75.7 section 297A.71, subdivision 35;
- 75.8 (8) equipment and materials used for the generation, transmission, and distribution of
75.9 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
75.10 37;
- 75.11 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
75.12 (a), clause (10);
- 75.13 (10) materials, supplies, and equipment for construction or improvement of projects and
75.14 facilities under section 297A.71, subdivision 40;
- 75.15 (11) materials, supplies, and equipment for construction, improvement, or expansion of
75.16 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
- 75.17 (12) enterprise information technology equipment and computer software for use in a
75.18 qualified data center exempt under section 297A.68, subdivision 42;
- 75.19 (13) materials, supplies, and equipment for qualifying capital projects under section
75.20 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 75.21 (14) items purchased for use in providing critical access dental services exempt under
75.22 section 297A.70, subdivision 7, paragraph (c);
- 75.23 (15) items and services purchased under a business subsidy agreement for use or
75.24 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
75.25 44;
- 75.26 (16) building materials, equipment, and supplies for constructing or replacing real
75.27 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; ~~and~~
- 75.28 (17) building materials, equipment, and supplies for qualifying capital projects under
75.29 section 297A.71, subdivision 52.; and

76.1 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,
 76.2 or improving a fire station, police station, or related facilities exempt under section 297A.71,
 76.3 subdivision 53.

76.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 76.5 30, 2021.

76.6 Sec. 7. Minnesota Statutes 2020, section 297A.75, subdivision 2, is amended to read:

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

76.10 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

76.11 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

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

76.14 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
 76.15 property;

76.16 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

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

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

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

76.23 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
 76.24 building or project.

76.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 76.26 30, 2021.

76.27 Sec. 8. Minnesota Statutes 2020, section 297A.75, subdivision 3, is amended to read:

76.28 Subd. 3. **Application.** (a) The application must include sufficient information to permit
 76.29 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
 76.30 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor,

77.1 subcontractor, or builder must furnish to the refund applicant a statement including the cost
 77.2 of the exempt items and the taxes paid on the items unless otherwise specifically provided
 77.3 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
 77.4 this section.

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

77.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 77.8 30, 2021.

77.9 Sec. 9. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective date,
 77.10 as amended by Laws 2019, First Special Session chapter 6, article 3, section 18, is amended
 77.11 to read:

77.12 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases
 77.13 made after September 30, 2016, and before ~~January~~ July 1, 2023. Paragraph (b) is effective
 77.14 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and
 77.15 (2) after December 31, 2018, and before July 1, 2019.

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

77.17 Sec. 10. **PROPERTIES DESTROYED OR DAMAGED BY FIRE; CITY OF**
 77.18 **ALEXANDRIA.**

77.19 (a) The sale and purchase of the following items are exempt from sales and use tax
 77.20 imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace,
 77.21 clean, or otherwise remediate damage to real and personal property damaged or destroyed
 77.22 in the February 25, 2020, fire in the city of Alexandria, if sales and purchases are made after
 77.23 February 24, 2020, and before February 28, 2023:

77.24 (1) building materials and supplies used or consumed in, and equipment incorporated
 77.25 into the construction, replacement, or repair of real property; and

77.26 (2) durable equipment used in a restaurant for food storage, preparation, and serving.

77.27 (b) Building cleaning and disinfecting services related to mitigating smoke damage to
 77.28 real property are exempt from sales and use tax imposed under Minnesota Statutes, chapter
 77.29 297A, if sales and purchases are made after February 24, 2020, and before January 1, 2021.

77.30 (c) For sales and purchases made after February 24, 2020, and before July 1, 2021, the
 77.31 tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62,

78.1 subdivision 1, applied and then refunded in the manner provided in Minnesota Statutes,
 78.2 section 297A.75. The amount required to pay the refunds under this section is appropriated
 78.3 from the general fund to the commissioner of revenue. Refunds for eligible purchases must
 78.4 not be issued until after June 30, 2021.

78.5 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 78.6 applies retroactively to sales and purchases made after February 24, 2020.

78.7 Sec. 11. **CITY OF BUFFALO; SALES TAX EXEMPTION FOR CONSTRUCTION**
 78.8 **MATERIALS.**

78.9 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 78.10 incorporated into the construction of a new fire station, which includes firefighting,
 78.11 emergency management, public safety training, and other public safety facilities in the city
 78.12 of Buffalo, are exempt from sales and use tax imposed under Minnesota Statutes, chapter
 78.13 297A, if materials, supplies, and equipment are purchased after March 31, 2020, and before
 78.14 July 1, 2021.

78.15 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 78.16 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 78.17 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 78.18 purchases must not be issued until after June 30, 2021.

78.19 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 78.20 is appropriated from the general fund to the commissioner of revenue.

78.21 **EFFECTIVE DATE.** This section is effective retroactively from April 1, 2020, and
 78.22 applies to sales and purchases made after March 31, 2020, and before July 1, 2021.

78.23 Sec. 12. **CITY OF HIBBING; SALES TAX EXEMPTION FOR CONSTRUCTION**
 78.24 **MATERIALS.**

78.25 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 78.26 incorporated into the following projects in the city of Hibbing are exempt from sales and
 78.27 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and
 78.28 equipment are purchased after May 1, 2019, and before January 1, 2025:

78.29 (1) the addition of an Early Childhood Family Education Center to an existing elementary
 78.30 school; and

78.31 (2) improvements to an existing athletic facility in Independent School District No. 701.

79.1 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 79.2 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 79.3 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 79.4 purchases must not be issued until after June 30, 2021.

79.5 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 79.6 is appropriated from the general fund to the commissioner of revenue.

79.7 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and
 79.8 applies to sales and purchases made after May 1, 2019, and before January 1, 2025.

79.9 Sec. 13. **CITY OF MAPLEWOOD; SALES TAX EXEMPTION FOR**
 79.10 **CONSTRUCTION MATERIALS.**

79.11 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 79.12 incorporated into the construction of a new fire station and emergency management
 79.13 operations center, including on-site infrastructure improvements of parking lot, road access,
 79.14 lighting, sidewalks, and utility components in the city of Maplewood are exempt from sales
 79.15 and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and
 79.16 equipment are purchased after September 30, 2020, and before July 1, 2021.

79.17 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 79.18 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 79.19 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 79.20 purchases must not be issued until after June 30, 2021.

79.21 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 79.22 is appropriated from the general fund to the commissioner of revenue.

79.23 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2020, and
 79.24 applies to sales and purchases made after September 30, 2020, and before July 1, 2021.

79.25 Sec. 14. **CITY OF MARSHALL; SALES TAX EXEMPTION FOR CONSTRUCTION**
 79.26 **MATERIALS.**

79.27 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 79.28 incorporated into the following projects in the city of Marshall in Independent School District
 79.29 No. 413 are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A,
 79.30 if materials, supplies, and equipment are purchased after May 1, 2019, and before January
 79.31 1, 2022:

79.32 (1) the construction of a new elementary school; and

80.1 (2) the remodeling of existing school buildings.

80.2 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
80.3 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
80.4 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
80.5 purchases must not be issued until after June 30, 2021.

80.6 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
80.7 is appropriated from the general fund to the commissioner of revenue.

80.8 **EFFECTIVE DATE.** This section is effective retroactively to May 2, 2019, and applies
80.9 to materials, supplies, and equipment purchased after May 1, 2019, and before January 1,
80.10 2022.

80.11 Sec. 15. **CITY OF PLYMOUTH; SALES TAX EXEMPTION FOR CONSTRUCTION**
80.12 **MATERIALS.**

80.13 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
80.14 incorporated into the following projects in the city of Plymouth are exempt from sales and
80.15 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and
80.16 equipment are purchased after January 1, 2021, and before July 1, 2021:

80.17 (1) demolition and replacement of the existing Fire Station No. 2 on its existing site;
80.18 and

80.19 (2) renovation and expansion of Fire Station No. 3.

80.20 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
80.21 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
80.22 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
80.23 purchases must not be issued until after June 30, 2021.

80.24 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
80.25 is appropriated from the general fund to the commissioner of revenue.

80.26 **EFFECTIVE DATE.** This section is effective retroactively from January 2, 2021, and
80.27 applies to sales and purchases made after January 1, 2021, and before July 1, 2021.

80.28 Sec. 16. **CITY OF PROCTOR; SALES TAX EXEMPTION FOR CONSTRUCTION**
80.29 **MATERIALS.**

80.30 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
80.31 incorporated into the construction of a sand and salt storage facility in the city of Proctor

81.1 are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if
 81.2 materials, supplies, and equipment are purchased after March 31, 2021, and before January
 81.3 1, 2023.

81.4 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 81.5 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 81.6 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 81.7 purchases must not be issued until after June 30, 2021.

81.8 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 81.9 is appropriated from the general fund to the commissioner of revenue.

81.10 **EFFECTIVE DATE.** This section is effective retroactively from April 1, 2021, and
 81.11 applies to sales and purchases made after March 31, 2021, and before January 1, 2023.

81.12 Sec. 17. **CITY OF VIRGINIA; SALES TAX EXEMPTION FOR CONSTRUCTION**
 81.13 **MATERIALS.**

81.14 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 81.15 incorporated into the construction of a regional public safety center and training facility for
 81.16 fire and police departments, emergency medical services, regional emergency services
 81.17 training, and other regional community needs are exempt from sales and use tax imposed
 81.18 under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased
 81.19 after May 1, 2021, and before July 1, 2021.

81.20 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 81.21 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 81.22 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 81.23 purchases must not be issued until after June 30, 2021.

81.24 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 81.25 is appropriated from the general fund to the commissioner of revenue.

81.26 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2021, and
 81.27 applies to sales and purchases made after May 1, 2021, and before July 1, 2021.

81.28 Sec. 18. **ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
 81.29 **CONSTRUCTION MATERIALS.**

81.30 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 81.31 incorporated into the construction of two new elementary school buildings and a new high
 81.32 school building in Independent School District No. 2909, Rock Ridge Public Schools, are

82.1 exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials,
 82.2 supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024.

82.3 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 82.4 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 82.5 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
 82.6 purchases must not be issued until after June 30, 2021.

82.7 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 82.8 is appropriated from the general fund to the commissioner of revenue.

82.9 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and
 82.10 applies to sales and purchases made after May 1, 2019, and before January 1, 2024.

82.11 Sec. 19. **MSP AIRPORT; SALES TAX EXEMPTION FOR CONSTRUCTION**
 82.12 **MATERIALS.**

82.13 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
 82.14 incorporated into the following projects at the Minneapolis-St. Paul International Airport
 82.15 are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if
 82.16 materials, supplies, and equipment are purchased after June 30, 2021, and before January
 82.17 1, 2024:

82.18 (1) construction of an aircraft rescue and firefighting station and associated facilities;

82.19 (2) construction of a facility for the storage of trades materials and equipment;

82.20 (3) replacement and rehabilitation of a terminal building roof;

82.21 (4) replacement, rehabilitation, and improvements of a baggage handling system; and

82.22 (5) replacement, rehabilitation, and operational improvements of Terminal 1 passenger
 82.23 arrivals and departures area.

82.24 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
 82.25 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
 82.26 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

82.27 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
 82.28 is appropriated from the general fund to the commissioner of revenue.

82.29 **EFFECTIVE DATE.** This section is effective from July 1, 2021, and applies to sales
 82.30 and purchases made after June 30, 2021, and before January 1, 2024.

83.1 Sec. 20. **PROPERTIES DESTROYED OR DAMAGED DURING PROTESTS AND**
83.2 **UNREST IN MAY AND JUNE OF 2020.**

83.3 Subdivision 1. Exemption. (a) The sale and purchase of the following items are exempt
83.4 if the items are used to repair, replace, clean, or otherwise remediate damage to real and
83.5 personal property damaged or destroyed after May 24, 2020, and before June 16, 2020,
83.6 resulting from protests and unrest in the cities included in the peacetime emergency declared
83.7 in the governor's Executive Order No. 20-64:

83.8 (1) building materials and supplies used or consumed in, and equipment incorporated
83.9 into, the construction, replacement, or repair of real property;

83.10 (2) retail fixtures, office equipment, and restaurant equipment, so long as each item has
83.11 a useful life of more than one year and costs at least \$5,000; and

83.12 (3) building cleaning and disinfecting services related to mitigating smoke damage and
83.13 graffiti on and in impacted buildings.

83.14 (b) The exemption in this subdivision only applies to materials, supplies, and services
83.15 purchased to repair, replace, clean, or otherwise remediate damage to buildings owned by
83.16 a government entity or by a private owner provided the building housed one or more of the
83.17 following entities at the time of the damage or destruction:

83.18 (1) a commercial establishment with an annual gross income of \$30,000,000 or less in
83.19 calendar year 2019;

83.20 (2) a nonprofit organization; or

83.21 (3) a low-income housing development that meets the certification requirements under
83.22 Minnesota Statutes, section 273.128, whether or not the development was occupied at the
83.23 time of its damage or destruction.

83.24 (c) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
83.25 297A.62, subdivision 1, applied and then refunded in the manner provided in Minnesota
83.26 Statutes, section 297A.75, except that the applicant must have been an owner or occupant
83.27 of the real property at the time of its destruction. The exemption under paragraph (a) applies
83.28 to sales and purchases made after May 25, 2020, and before December 1, 2022. Refunds
83.29 for eligible purchases must not be issued until after June 30, 2021.

83.30 (d) Both the owner and occupants of the real property at the time of the damage or
83.31 destruction may apply for a refund under this subdivision but may only request a refund for
83.32 the goods and services they paid for, or were contracted and paid for on their behalf. The

84.1 exemption does not apply to purchases of an owner if the owner did not own the real property
84.2 at the time of the damage or destruction.

84.3 Subd. 2. **Appropriation.** The amount necessary to pay the refunds under subdivision 1
84.4 is appropriated from the general fund to the commissioner of revenue.

84.5 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
84.6 made after May 25, 2020.

84.7 Sec. 21. **SALES TAX EXEMPTION FOR CERTAIN PURCHASES RELATED TO**
84.8 **COVID-19.**

84.9 (a) Notwithstanding Minnesota Statutes, section 289A.50, or any law to the contrary,
84.10 the sale and purchase of any materials, supplies, or equipment used in this state by a restaurant
84.11 as defined in Minnesota Statutes, section 157.15, subdivision 12, to adapt to health guidelines
84.12 or any executive order related to COVID-19 is exempt from sales and use taxes imposed
84.13 under Minnesota Statutes, chapter 297A.

84.14 (b) The maximum refund allowed under this section is limited as follows:

84.15 (1) for restaurants that are franchise locations of a larger corporate entity, \$1,000 per
84.16 franchise location;

84.17 (2) for restaurants that are owned by a unitary business, as defined at Minnesota Statutes,
84.18 section 290.17, subdivision 4, paragraph (a), that is a corporate entity, or its subsidiary,
84.19 \$1,000 per federal employer identification number or Minnesota Tax Identification Number;
84.20 and

84.21 (3) for all other restaurants, \$1,000 per federal employer identification number or
84.22 Minnesota Tax Identification Number.

84.23 (c) The tax on the gross receipts from the sale of the items exempt under paragraph (a)
84.24 must be imposed and collected as if the sale were taxable and the rate under Minnesota
84.25 Statutes, section 297A.62, subdivision 1, applied. Refunds for eligible purchases must not
84.26 be issued until after June 30, 2021.

84.27 (d) Upon application on forms prescribed by the commissioner, a refund equal to the
84.28 tax paid on the gross receipts of the exempt items or \$1,000, whichever is less, must be paid
84.29 to the applicant. Only the owner of the restaurant may apply for the refund. The application
84.30 must include sufficient information to permit the commissioner to verify the tax paid and
84.31 that the applicant is the owner of the restaurant.

85.1 **EFFECTIVE DATE; APPLICATION.** This section is effective retroactively from
85.2 March 1, 2020, and applies to sales and purchases made after February 29, 2020, and before
85.3 January 1, 2022.

85.4 **ARTICLE 5**

85.5 **VAPOR AND TOBACCO TAXES**

85.6 Section 1. Minnesota Statutes 2020, section 297F.01, is amended by adding a subdivision
85.7 to read:

85.8 Subd. 7a. **Delivery sale.** "Delivery sale" has the meaning given in section 325F.781,
85.9 subdivision 1.

85.10 **EFFECTIVE DATE.** This section is effective January 1, 2022.

85.11 Sec. 2. Minnesota Statutes 2020, section 297F.01, is amended by adding a subdivision to
85.12 read:

85.13 Subd. 7b. **Heat device.** "Heat device" means any electronic heat device, heat system,
85.14 or similar product or device, meant to be used with a cigarette to produce a vapor or aerosol,
85.15 regardless of whether sold with a cigarette. A heat device includes any batteries, heating
85.16 elements, components, parts, accessories, apparel, or other items that are packaged with,
85.17 connected to, attached to, or contained within the product or device.

85.18 **EFFECTIVE DATE.** This section is effective January 1, 2022.

85.19 Sec. 3. Minnesota Statutes 2020, section 297F.01, subdivision 19, is amended to read:

85.20 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,
85.21 made, or derived from tobacco that is intended for human consumption, whether chewed,
85.22 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or
85.23 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;
85.24 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking
85.25 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing
85.26 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds
85.27 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco
85.28 products includes nicotine solution products and heat devices. Tobacco products excludes
85.29 any tobacco product that has been approved by the United States Food and Drug
85.30 Administration for sale as a tobacco cessation product, as a tobacco dependence product,

86.1 or for other medical purposes, and is being marketed and sold solely for such an approved
86.2 purpose.

86.3 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco
86.4 products includes a premium cigar, as defined in subdivision 13a.

86.5 **EFFECTIVE DATE.** This section is effective January 1, 2022.

86.6 Sec. 4. Minnesota Statutes 2020, section 297F.01, subdivision 22b, is amended to read:

86.7 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any
86.8 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that
86.9 is in a solution that is consumed, or meant to be consumed, through the use of a heating
86.10 element, power source, electronic circuit, or other electronic, chemical, or mechanical means
86.11 that produces vapor or aerosol. This paragraph expires December 31, 2019.

86.12 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,
86.13 or other package that contains nicotine, including nicotine made or derived from tobacco
86.14 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,
86.15 through the use of a heating element, power source, electronic circuit, or other electronic,
86.16 chemical, or mechanical means that produces vapor or aerosol.

86.17 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic
86.18 cigarillo, electronic pipe, electronic nicotine delivery system, electronic vaping device,
86.19 electronic vape pen, electronic oral device, electronic delivery device, or similar product
86.20 or device, ~~and~~ meant to be used in the consumption of a solution containing nicotine
86.21 regardless of whether sold with a solution containing nicotine. Nicotine solution products
86.22 include any batteries, heating elements, or other components, parts, or accessories sold with
86.23 and meant to be used in the consumption of a solution containing nicotine, apparel, or other
86.24 items that are packaged with, connected to, attached to, or contained within the product or
86.25 device.

86.26 **EFFECTIVE DATE.** This section is effective January 1, 2022.

86.27 Sec. 5. Minnesota Statutes 2020, section 297F.01, subdivision 23, is amended to read:

86.28 Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which
86.29 a distributor purchases a tobacco product.

86.30 (b) When a distributor sells a cartridge, bottle, or other package of a solution containing
86.31 nicotine that is part of a kit that also includes a product, device, component, part, ~~or~~ accessory
86.32 ~~described in subdivision 22b:~~

87.1 ~~(1), or other item, the wholesale sales price is the price at which the distributor purchases~~
 87.2 ~~the kit; except that.~~

87.3 ~~(2) if the distributor also separately sells the same package of solution containing nicotine~~
 87.4 ~~that is sold with the kit and can isolate the cost of the package of solution containing nicotine,~~
 87.5 ~~then the wholesale sales price includes only the price at which the distributor separately~~
 87.6 ~~purchases the package of the solution containing nicotine and any taxes, charges, and costs~~
 87.7 ~~listed in paragraph (c).~~

87.8 (c) When a distributor sells a heat device that is part of a kit that also includes a product,
 87.9 device, component, part, accessory, or other item, the wholesale sales price is the price at
 87.10 which the distributor purchases the kit.

87.11 ~~(e)~~ (d) Wholesale sales price includes the applicable federal excise tax, freight charges,
 87.12 or packaging costs, regardless of whether they were included in the purchase price.

87.13 **EFFECTIVE DATE.** This section is effective for kits purchased by distributors after
 87.14 December 31, 2021.

87.15 Sec. 6. Minnesota Statutes 2020, section 297F.031, is amended to read:

87.16 **297F.031 REGISTRATION REQUIREMENT.**

87.17 ~~Prior to making delivery sales or shipping cigarettes or tobacco products in connection~~
 87.18 ~~with any sales, an out-of-state retailer shall~~ must file with the Department of Revenue a
 87.19 statement setting forth the out-of-state retailer's name, trade name, ~~and the address of the~~
 87.20 ~~out-of-state retailer's,~~ principal place of business, and any other place of business.

87.21 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 87.22 December 31, 2021.

87.23 Sec. 7. Minnesota Statutes 2020, section 297F.05, is amended by adding a subdivision to
 87.24 read:

87.25 Subd. 4b. **Retailer collection and remittance of use tax.** A retailer or out-of-state
 87.26 retailer must, for any delivery sale, collect and pay to the state any use tax imposed by this
 87.27 section. The retailer or out-of-state retailer must give the purchaser a receipt for the tax paid.

87.28 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 87.29 December 31, 2021.

88.1 Sec. 8. Minnesota Statutes 2020, section 297F.09, subdivision 3, is amended to read:

88.2 Subd. 3. **Use tax return; cigarette or tobacco products consumer and retailers**
 88.3 **making delivery sales.** (a) On or before the 18th day of each calendar month, a consumer
 88.4 who, during the preceding calendar month, has acquired title to or possession of cigarettes
 88.5 or tobacco products for use or storage in this state, upon which cigarettes or tobacco products
 88.6 the tax imposed by this chapter has not been paid, shall file a return with the commissioner
 88.7 showing the quantity of cigarettes or tobacco products so acquired. The return must be made
 88.8 in the form and manner prescribed by the commissioner, and must contain any other
 88.9 information required by the commissioner. The return must be accompanied by a remittance
 88.10 for the full unpaid tax liability shown by it.

88.11 (b) On or before the 18th day of each calendar month, a retailer or out-of-state retailer
 88.12 who, during the preceding calendar month, made delivery sales must file a return with the
 88.13 commissioner showing the quantity of cigarettes or tobacco products so delivered. The
 88.14 commissioner shall prescribe the content, format, and manner of returns pursuant to section
 88.15 270C.30. The return must be accompanied by a remittance for the full unpaid tax liability.

88.16 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 88.17 December 31, 2021.

88.18 Sec. 9. Minnesota Statutes 2020, section 297F.09, subdivision 4a, is amended to read:

88.19 Subd. 4a. **Reporting requirements.** No later than the 18th day of each calendar month,
 88.20 ~~an a retailer or out-of-state retailer that has made a delivery of cigarettes or tobacco products~~
 88.21 ~~or shipped or delivered cigarettes or tobacco products into the state in a delivery sale in the~~
 88.22 previous calendar month shall file with the Department of Revenue ~~reports~~ a report in the
 88.23 form and in the manner prescribed by the commissioner of revenue that provides for each
 88.24 delivery sale, the name and address of the purchaser and the brand or brands and quantity
 88.25 of cigarettes or tobacco products sold. A ~~tobacco~~ retailer or out-of-state retailer that meets
 88.26 the requirements of United States Code, title 15, section 375 et seq. satisfies the requirements
 88.27 of this subdivision. The filing of a return under subdivision 3, paragraph (b), satisfies the
 88.28 requirements of this subdivision for the applicable month.

88.29 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 88.30 December 31, 2021.

89.1 Sec. 10. Minnesota Statutes 2020, section 297F.09, subdivision 7, is amended to read:

89.2 Subd. 7. **Electronic payment.** A cigarette ~~or distributor~~, tobacco products distributor,
89.3 retailer, or out-of-state retailer having a liability of \$10,000 or more during a fiscal year
89.4 ending June 30 must remit all liabilities in all subsequent calendar years by electronic means.

89.5 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
89.6 December 31, 2021.

89.7 Sec. 11. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

89.8 Subd. 10. ~~Accelerated tax payment; cigarette or tobacco products distributor.~~ A
89.9 cigarette ~~or distributor~~, tobacco products distributor, retailer, or out-of-state retailer having
89.10 a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the June
89.11 liability for the next year in the following manner:

89.12 (a) Two business days before June 30 of calendar years 2020 and 2021, the distributor
89.13 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
89.14 commissioner and file the return in the form and manner prescribed by the commissioner.

89.15 (b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer
89.16 shall submit a return showing the actual June liability and pay any additional amount of tax
89.17 not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability
89.18 required to be paid in June, less the amount remitted in June. However, the penalty is not
89.19 imposed if the amount remitted in June equals the lesser of:

89.20 (1) 87.5 percent of the actual June liability for the calendar year 2020 and 2021 June
89.21 liabilities and 84.5 of the actual June liability for June 2022 and thereafter; or

89.22 (2) 87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June
89.23 liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

89.24 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the
89.25 vendor must remit by two business days before June 30 is 84.5 percent.

89.26 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
89.27 December 31, 2021.

89.28 Sec. 12. Minnesota Statutes 2020, section 325F.781, subdivision 1, is amended to read:

89.29 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
89.30 the meanings given, unless the language or context clearly provides otherwise.

90.1 (b) "Consumer" means an individual who purchases, receives, or possesses tobacco
90.2 products for personal consumption and not for resale.

90.3 (c) "Delivery sale" means:

90.4 (1) a sale of tobacco products to a consumer in this state when:

90.5 (i) the purchaser submits the order for the sale by means of a telephonic or other method
90.6 of voice transmission, the mail or any other delivery service, or the Internet or other online
90.7 service; or

90.8 (ii) the tobacco products are delivered by use of the mail or other delivery service; or

90.9 (2) a sale of tobacco products that satisfies the criteria in clause (1), item (i), regardless
90.10 of whether the seller is located inside or outside of the state.

90.11 A sale of tobacco products to an individual in this state must be treated as a sale to a
90.12 consumer, unless the individual is licensed as a distributor or retailer of tobacco products.

90.13 (d) "Delivery service" means a person, including the United States Postal Service, that
90.14 is engaged in the commercial delivery of letters, packages, or other containers.

90.15 (e) "Distributor" means a person, whether located inside or outside of this state, other
90.16 than a retailer, who sells or distributes tobacco products in the state. Distributor does not
90.17 include a tobacco products manufacturer, export warehouse proprietor, or importer with a
90.18 valid permit under United States Code, title 26, section 5712 (1997), if the person sells or
90.19 distributes tobacco products in this state only to distributors who hold valid and current
90.20 licenses under the laws of a state, or to an export warehouse proprietor or another
90.21 manufacturer. Distributor does not include a common or contract carrier that is transporting
90.22 tobacco products under a proper bill of lading or freight bill that states the quantity, source,
90.23 and destination of tobacco products, or a person who ships tobacco products through this
90.24 state by common or contract carrier under a bill of lading or freight bill.

90.25 (f) "Retailer" means a person, whether located inside or outside this state, who sells or
90.26 distributes tobacco products to a consumer in this state.

90.27 (g) "Tobacco products" means: cigarettes and tobacco products as defined in section
90.28 297F.01.

90.29 ~~(1) cigarettes, as defined in section 297F.01, subdivision 3;~~

90.30 ~~(2) smokeless tobacco as defined in section 325F.76; and~~

90.31 ~~(3) premium cigars as defined in section 297F.01, subdivision 13a.~~

91.1 **EFFECTIVE DATE.** This section is effective January 1, 2022.

91.2 Sec. 13. Minnesota Statutes 2020, section 325F.781, subdivision 5, is amended to read:

91.3 Subd. 5. **Registration requirement.** Prior to making delivery sales ~~or shipping tobacco~~
 91.4 ~~products in connection with any sales~~, an out-of-state retailer must ~~meet the requirements~~
 91.5 ~~of register with the commissioner of revenue as required under section 297F.031.~~

91.6 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 91.7 December 31, 2021.

91.8 Sec. 14. Minnesota Statutes 2020, section 325F.781, subdivision 6, is amended to read:

91.9 Subd. 6. **Collection of taxes.** ~~(a) Prior to shipping any tobacco products to a purchaser~~
 91.10 ~~in this state, the out-of-state~~ A retailer shall comply with all requirements of making delivery
 91.11 sales must file all returns and reports, collect and pay all taxes, and maintain all records
 91.12 required under chapter 297F and shall ensure that all state excise taxes and fees that apply
 91.13 ~~to such tobacco products have been collected and paid to the state and that all related state~~
 91.14 ~~excise tax stamps or other indicators of state excise tax payment have been properly affixed~~
 91.15 ~~to those tobacco products.~~

91.16 (b) In addition to any penalties under chapter 297F, ~~a distributor~~ a retailer making delivery
 91.17 sales who fails to pay any tax due according to paragraph (a) under chapter 297F, shall pay,
 91.18 in addition to any other penalty, a penalty of 50 percent of the tax due but unpaid.

91.19 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
 91.20 December 31, 2021.

91.21 **ARTICLE 6**
 91.22 **SPECIAL TAXES**

91.23 Section 1. Minnesota Statutes 2020, section 297H.04, subdivision 2, is amended to read:

91.24 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste
 91.25 shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic
 91.26 waste collection capacity purchased by the generator, based on the size of the container for
 91.27 the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion
 91.28 schedule in paragraph (c). However, the tax must be calculated by the waste management
 91.29 service provider using the same method for calculating the waste management service fee
 91.30 so that both are calculated according to container capacity, actual volume, or weight.

92.1 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed
 92.2 municipal solid waste shall pay a solid waste management tax in the same manner as provided
 92.3 in paragraph (a).

92.4 (c) The ~~weight-to-volume conversion schedule~~ tax for:

92.5 (1) construction debris as defined in section 115A.03, subdivision 7, is equal to 60 cents
 92.6 per cubic yard. The commissioner of revenue, after consultation with the commissioner of
 92.7 the Pollution Control Agency, shall determine and ~~may~~ publish by notice a weight-to-volume
 92.8 conversion schedule for construction debris;

92.9 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents
 92.10 per cubic yard. The commissioner of revenue after consultation with the commissioner of
 92.11 the Pollution Control Agency, shall determine, and ~~may~~ publish by notice, a
 92.12 weight-to-volume conversion schedule for various industrial wastes; and

92.13 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
 92.14 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60
 92.15 cents per 150 pounds.

92.16 **EFFECTIVE DATE.** This section is effective July 1, 2021.

92.17 Sec. 2. Minnesota Statutes 2020, section 297H.05, is amended to read:

92.18 **297H.05 SELF-HAULERS.**

92.19 (a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the
 92.20 waste management facility to which the waste is delivered at the rate imposed under section
 92.21 297H.03, based on the sales price of the waste management services.

92.22 (b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of
 92.23 the waste management facility to which the waste is delivered at the rate imposed under
 92.24 section 297H.04.

92.25 (c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based
 92.26 either on the capacity of the container, the actual volume, or the weight-to-volume conversion
 92.27 schedule in paragraph (d). However, the tax must be calculated by the operator using the
 92.28 same method for calculating the tipping fee so that both are calculated according to container
 92.29 capacity, actual volume, or weight.

92.30 (d) The ~~weight-to-volume conversion schedule~~ tax for:

92.31 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals~~
 92.32 ~~3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner of

93.1 revenue, after consultation with the commissioner of the Pollution Control Agency, shall
 93.2 determine and publish by notice a weight-to-volume conversion schedule for construction
 93.3 debris;

93.4 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents
 93.5 per cubic yard. The commissioner of revenue, after consultation with the commissioner of
 93.6 the Pollution Control Agency, shall determine; and ~~may~~ publish by notice; a
 93.7 weight-to-volume conversion schedule for various industrial wastes; and

93.8 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
 93.9 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60
 93.10 cents per 150 pounds.

93.11 (e) For mixed municipal solid waste the tax is imposed upon the difference between the
 93.12 market price and the tip fee at a processing or disposal facility if the tip fee is less than the
 93.13 market price and the political subdivision subsidizes the cost of service at the facility. The
 93.14 political subdivision is liable for the tax.

93.15 **EFFECTIVE DATE.** This section is effective July 1, 2021, except the new rate for
 93.16 construction debris applies to waste delivered after June 30, 2021.

93.17 Sec. 3. Minnesota Statutes 2020, section 297I.05, subdivision 7, is amended to read:

93.18 Subd. 7. **Nonadmitted insurance premium tax.** (a) A tax is imposed on surplus lines
 93.19 brokers. The rate of tax is equal to three percent of the gross premiums less return premiums
 93.20 paid by an insured whose home state is Minnesota.

93.21 (b) A tax is imposed on a person, firm, corporation, or purchasing group as defined in
 93.22 section 60E.02, or any member of a purchasing group, that procures insurance directly from
 93.23 a nonadmitted insurer. The rate of tax is equal to ~~two~~ three percent of the gross premiums
 93.24 less return premiums paid by an insured whose home state is Minnesota.

93.25 (c) No state other than the home state of an insured may require any premium tax payment
 93.26 for nonadmitted insurance. When Minnesota is the home state of the insured, as provided
 93.27 under section 297I.01, 100 percent of the gross premiums are taxable in Minnesota with no
 93.28 allocation of the tax to other states.

93.29 **EFFECTIVE DATE.** This section is effective for policies with an effective date after
 93.30 December 31, 2021.

94.1 Sec. 4. Minnesota Statutes 2020, section 298.001, is amended by adding a subdivision to
94.2 read:

94.3 Subd. 13. **Merchantable iron ore concentrate.** "Merchantable iron ore concentrate"
94.4 means iron-bearing material that has been treated in Minnesota by any means of beneficiation,
94.5 separation, concentration, or refinement for the purpose of making it salable for its iron ore
94.6 content.

94.7 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

94.8 Sec. 5. Minnesota Statutes 2020, section 298.24, subdivision 1, is amended to read:

94.9 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is
94.10 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and
94.11 upon the production of iron ore concentrate therefrom, and upon the concentrate so produced,
94.12 a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom.

94.13 (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal
94.14 to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied
94.15 by the percentage increase in the implicit price deflator from the fourth quarter of the second
94.16 preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means
94.17 the implicit price deflator for the gross domestic product prepared by the Bureau of Economic
94.18 Analysis of the United States Department of Commerce.

94.19 (c) An additional tax is imposed equal to three cents per gross ton of merchantable iron
94.20 ore concentrate for each one percent that the iron content of the product exceeds 72 percent,
94.21 when dried at 212 degrees Fahrenheit.

94.22 (d) The tax on taconite and iron sulphides shall be imposed on the average of the
94.23 production for the current year and the previous two years. The rate of the tax imposed will
94.24 be the current year's tax rate. This clause shall not apply in the case of the closing of a
94.25 taconite facility if the property taxes on the facility would be higher if this clause and section
94.26 298.25 were not applicable.

94.27 (e) The tax under paragraph (a) is also imposed upon other iron-bearing material as
94.28 described in section 298.405 on the tonnage of merchantable iron ore concentrate produced
94.29 therefrom. The tax on other iron-bearing material shall be imposed on the current year
94.30 production. The rate of the tax imposed is the current year's tax rate.

94.31 (f) If the tax or any part of the tax imposed by this subdivision is held to be
94.32 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced
94.33 shall be imposed.

95.1 (g) Consistent with the intent of this subdivision to impose a tax based upon the weight
95.2 of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine
95.3 the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting
95.4 the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives
95.5 included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed
95.6 pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other
95.7 basic flux additives are combined with merchantable iron ore concentrate. No subtraction
95.8 from the weight of the pellets shall be allowed for binders, mineral and chemical additives
95.9 other than basic flux additives, or moisture.

95.10 (h)(1) Notwithstanding any other provision of this subdivision, for the first two years
95.11 of a plant's commercial production of direct reduced ore from ore mined in this state, no
95.12 tax is imposed under this section. For the third year of a plant's commercial production of
95.13 direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate
95.14 otherwise determined under this subdivision. For the fourth commercial production year,
95.15 the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth
95.16 commercial production year, the rate is 75 percent of the rate otherwise determined under
95.17 this subdivision; and for all subsequent commercial production years, the full rate is imposed.

95.18 (2) Subject to clause (1), production of direct reduced ore in this state is subject to the
95.19 tax imposed by this section, but if that production is not produced by a producer of taconite,
95.20 iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or
95.21 other iron-bearing material, that is consumed in the production of direct reduced ore in this
95.22 state is not subject to the tax imposed by this section on taconite, iron sulfides, or other
95.23 iron-bearing material.

95.24 (3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct
95.25 reduced ore under this section during the facility's noncommercial production of direct
95.26 reduced ore. The taconite or iron sulphides consumed in the noncommercial production of
95.27 direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides.
95.28 Three-year average production of direct reduced ore does not include production of direct
95.29 reduced ore in any noncommercial year.

95.30 (4) Three-year average production for a direct reduced ore facility that has noncommercial
95.31 production is the average of the commercial production of direct reduced ore for the current
95.32 year and the previous two commercial years.

96.1 (5) As used in this paragraph, "commercial production" means production of more than
 96.2 50,000 tons of direct reduced ore in the current year or in any prior year, and "noncommercial
 96.3 production" means production of 50,000 tons or less of direct reduced ore in any year.

96.4 (6) This paragraph applies only to plants for which all environmental permits have been
 96.5 obtained and construction has begun before July 1, 2008.

96.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

96.7 Sec. 6. Minnesota Statutes 2020, section 298.405, subdivision 1, is amended to read:

96.8 Subdivision 1. **Definition.** Iron-bearing material, other than taconite and semitaconite,
 96.9 having not more than 46.5 percent natural iron content on the average, is subject to taxation
 96.10 under section 298.24. The tax under that section applies to material that is:

96.11 ~~(1) finer than or ground to 90 percent passing 20 mesh; and~~

96.12 ~~(2) treated in Minnesota for the purpose of separating the iron particles from silica,~~
 96.13 ~~alumina, or other detrimental compounds or elements unless used in a direct reduction~~
 96.14 ~~process; making the iron-bearing material merchantable by any means of beneficiation,~~
 96.15 ~~separation, concentration, or refinement. The tax under section 298.24 does not apply to~~
 96.16 ~~unmined iron ore and low-grade iron-bearing formations as described in section 273.13,~~
 96.17 ~~subdivision 31, clause (1).~~

96.18 ~~(i) by electrostatic separation, roasting and magnetic separation, or flotation;~~

96.19 ~~(ii) by a direct reduction process;~~

96.20 ~~(iii) by any combination of such processes; or~~

96.21 ~~(iv) by any other process or method not presently employed in gravity separation plants~~
 96.22 ~~employing only crushing, screening, washing, jigging, heavy media separation, spirals,~~
 96.23 ~~eyclones, drying or any combination thereof.~~

96.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

96.25 ARTICLE 7

96.26 PROPERTY TAXES

96.27 Section 1. Minnesota Statutes 2020, section 270B.12, subdivision 8, is amended to read:

96.28 Subd. 8. **County assessors; homestead classification and renter credit.** The
 96.29 commissioner may disclose names and Social Security numbers or names and individual
 96.30 taxpayer identification numbers of individuals who have applied for both homestead

97.1 classification under section 273.13 and a property tax refund as a renter under chapter 290A
 97.2 for the purpose of and to the extent necessary to administer section 290A.25.

97.3 **EFFECTIVE DATE.** This section is effective for allowed disclosures made in 2021
 97.4 and thereafter.

97.5 Sec. 2. Minnesota Statutes 2020, section 270B.12, subdivision 9, is amended to read:

97.6 Subd. 9. **County assessors; homestead application, determination, and income tax**
 97.7 **status.** (a) If, as a result of an audit, the commissioner determines that a person is a Minnesota
 97.8 nonresident or part-year resident for income tax purposes, the commissioner may disclose
 97.9 the person's name, address, and Social Security number or the person's name, address, and
 97.10 individual taxpayer identification number to the assessor of any political subdivision in the
 97.11 state, when there is reason to believe that the person may have claimed or received homestead
 97.12 property tax benefits for a corresponding assessment year in regard to property apparently
 97.13 located in the assessor's jurisdiction.

97.14 (b) To the extent permitted by section 273.124, subdivision 1, paragraph (a), the
 97.15 Department of Revenue may verify to a county assessor whether an individual who is
 97.16 requesting or receiving a homestead classification has filed a Minnesota income tax return
 97.17 as a resident for the most recent taxable year for which the information is available.

97.18 **EFFECTIVE DATE.** This section is effective for allowed disclosures made in 2021
 97.19 and thereafter.

97.20 Sec. 3. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to
 97.21 read:

97.22 Subd. 104. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

97.23 (1) is located in a county with a population greater than 28,000 but less than 29,000 as
 97.24 of the 2010 federal census;

97.25 (2) was on January 2, 2018, and is for the current assessment owned by a federally
 97.26 recognized Indian Tribe or its instrumentality, that is located in Minnesota;

97.27 (3) was on January 2, 2018, erroneously treated as exempt under subdivision 7; and

97.28 (4) is used for the same purpose as the property was used on January 2, 2018.

97.29 (b) The owner of property exempt under paragraph (a) may apply to the commissioner
 97.30 of revenue for a refund of any state general tax paid for property taxes payable in 2020 and
 97.31 2021. The commissioner may prescribe the form and manner of the application. An amount

98.1 necessary for refunds under this paragraph is appropriated from the general fund to the
98.2 commissioner of revenue in fiscal year 2022. This paragraph expires June 30, 2022.

98.3 **EFFECTIVE DATE.** (a) The amendments in paragraph (a) are effective beginning
98.4 with assessment year 2021. For assessment year 2021, an exemption application under this
98.5 section must be filed with the county assessor by August 1, 2021.

98.6 (b) The amendments in paragraph (b) are effective the day following final enactment.

98.7 Sec. 4. Minnesota Statutes 2020, section 273.124, subdivision 1, is amended to read:

98.8 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for
98.9 the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential
98.10 homestead.

98.11 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used
98.12 as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

98.13 Dates for establishment of a homestead and homestead treatment provided to particular
98.14 types of property are as provided in this section.

98.15 Property held by a trustee under a trust is eligible for homestead classification if the
98.16 requirements under this chapter are satisfied.

98.17 The assessor shall require proof, as provided in subdivision 13, of the facts upon which
98.18 classification as a homestead may be determined. Notwithstanding any other law, the assessor
98.19 may at any time require a homestead application to be filed in order to verify that any
98.20 property classified as a homestead continues to be eligible for homestead status.

98.21 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
98.22 request from an assessor, verify whether an individual who is requesting or receiving
98.23 homestead classification has filed a Minnesota income tax return as a resident for the most
98.24 recent taxable year for which the information is available.

98.25 When there is a name change or a transfer of homestead property, the assessor may
98.26 reclassify the property in the next assessment unless a homestead application is filed to
98.27 verify that the property continues to qualify for homestead classification.

98.28 (b) For purposes of this section, homestead property shall include property which is used
98.29 for purposes of the homestead but is separated from the homestead by a road, street, lot,
98.30 waterway, or other similar intervening property. The term "used for purposes of the
98.31 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings
98.32 commonly associated with a homestead, but shall not include vacant land held primarily

99.1 for future development. In order to receive homestead treatment for the noncontiguous
99.2 property, the owner must use the property for the purposes of the homestead, and must apply
99.3 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for
99.4 the homestead treatment, additional applications for subsequent years are not required.

99.5 (c) Residential real estate that is occupied and used for purposes of a homestead by a
99.6 relative of the owner is a homestead but only to the extent of the homestead treatment that
99.7 would be provided if the related owner occupied the property. For purposes of this paragraph
99.8 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,
99.9 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood
99.10 or marriage. Property that has been classified as seasonal residential recreational property
99.11 at any time during which it has been owned by the current owner or spouse of the current
99.12 owner will not be reclassified as a homestead unless it is occupied as a homestead by the
99.13 owner; this prohibition also applies to property that, in the absence of this paragraph, would
99.14 have been classified as seasonal residential recreational property at the time when the
99.15 residence was constructed. Neither the related occupant nor the owner of the property may
99.16 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In
99.17 the case of a residence located on agricultural land, only the house, garage, and immediately
99.18 surrounding one acre of land shall be classified as a homestead under this paragraph, except
99.19 as provided in paragraph (d).

99.20 (d) Agricultural property that is occupied and used for purposes of a homestead by a
99.21 relative of the owner, is a homestead, only to the extent of the homestead treatment that
99.22 would be provided if the related owner occupied the property, and only if all of the following
99.23 criteria are met:

99.24 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,
99.25 ~~or~~ parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece of the owner of
99.26 the agricultural property or of the spouse of the owner;

99.27 (2) the owner of the agricultural property must be a Minnesota resident;

99.28 (3) the owner of the agricultural property must not receive homestead treatment on any
99.29 other agricultural property in Minnesota; and

99.30 (4) the owner of the agricultural property is limited to only one agricultural homestead
99.31 per family under this paragraph.

99.32 Neither the related occupant nor the owner of the property may claim a property tax
99.33 refund under chapter 290A for a homestead occupied by a relative qualifying under this

100.1 paragraph. For purposes of this paragraph, "agricultural property" means the house, garage,
100.2 other farm buildings and structures, and agricultural land.

100.3 Application must be made to the assessor by the owner of the agricultural property to
100.4 receive homestead benefits under this paragraph. The assessor may require the necessary
100.5 proof that the requirements under this paragraph have been met.

100.6 (e) In the case of property owned by a property owner who is married, the assessor must
100.7 not deny homestead treatment in whole or in part if only one of the spouses occupies the
100.8 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)
100.9 legal separation, (3) employment or self-employment in another location, or (4) other
100.10 personal circumstances causing the spouses to live separately, not including an intent to
100.11 obtain two homestead classifications for property tax purposes. To qualify under clause (3),
100.12 the spouse's place of employment or self-employment must be at least 50 miles distant from
100.13 the other spouse's place of employment, and the homesteads must be at least 50 miles distant
100.14 from each other.

100.15 (f) The assessor must not deny homestead treatment in whole or in part if:

100.16 (1) in the case of a property owner who is not married, the owner is absent due to
100.17 residence in a nursing home, boarding care facility, or an elderly assisted living facility
100.18 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
100.19 occupied; or

100.20 (2) in the case of a property owner who is married, the owner or the owner's spouse or
100.21 both are absent due to residence in a nursing home, boarding care facility, or an elderly
100.22 assisted living facility property as defined in section 273.13, subdivision 25a, and the property
100.23 is not occupied or is occupied only by the owner's spouse.

100.24 (g) If an individual is purchasing property with the intent of claiming it as a homestead
100.25 and is required by the terms of the financing agreement to have a relative shown on the deed
100.26 as a co-owner, the assessor shall allow a full homestead classification. This provision only
100.27 applies to first-time purchasers, whether married or single, or to a person who had previously
100.28 been married and is purchasing as a single individual for the first time. The application for
100.29 homestead benefits must be on a form prescribed by the commissioner and must contain
100.30 the data necessary for the assessor to determine if full homestead benefits are warranted.

100.31 (h) If residential or agricultural real estate is occupied and used for purposes of a
100.32 homestead by a child of a deceased owner and the property is subject to jurisdiction of
100.33 probate court, the child shall receive relative homestead classification under paragraph (c)
100.34 or (d) to the same extent they would be entitled to it if the owner was still living, until the

101.1 probate is completed. For purposes of this paragraph, "child" includes a relationship by
101.2 blood or by marriage.

101.3 (i) If a single-family home, duplex, or triplex classified as either residential homestead
101.4 or agricultural homestead is also used to provide licensed child care, the portion of the
101.5 property used for licensed child care must be classified as a part of the homestead property.

101.6 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
101.7 in 2022 and thereafter.

101.8 Sec. 5. Minnesota Statutes 2020, section 273.124, subdivision 3a, is amended to read:

101.9 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park
101.10 is owned by a corporation or association organized under chapter 308A or 308B, and each
101.11 person who owns a share or shares in the corporation or association is entitled to occupy a
101.12 lot within the park, the corporation or association may claim homestead treatment for the
101.13 park. Each lot must be designated by legal description or number, and each lot is limited to
101.14 not more than one-half acre of land.

101.15 (b) The manufactured home park shall be entitled to homestead treatment if all of the
101.16 following criteria are met:

101.17 (1) the occupant or the cooperative corporation or association is paying the ad valorem
101.18 property taxes and any special assessments levied against the land and structure either
101.19 directly, or indirectly through dues to the corporation or association; and

101.20 (2) the corporation or association organized under chapter 308A or 308B is wholly
101.21 owned by persons having a right to occupy a lot owned by the corporation or association.

101.22 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding
101.23 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,
101.24 qualifies for homestead treatment with respect to a manufactured home park if its members
101.25 hold residential participation warrants entitling them to occupy a lot in the manufactured
101.26 home park.

101.27 (d) "Homestead treatment" under this subdivision means the classification rate provided
101.28 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause
101.29 (5), ~~item (ii)~~, and the homestead market value exclusion under section 273.13, subdivision
101.30 35, does not apply.

101.31 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
101.32 in 2023 and thereafter.

102.1 Sec. 6. Minnesota Statutes 2020, section 273.124, subdivision 9, is amended to read:

102.2 Subd. 9. **Homestead established after assessment date.** Any property that was not
102.3 used for the purpose of a homestead on the assessment date, but which was used for the
102.4 purpose of a homestead on December ~~1~~ 31 of a year, constitutes class 1 or class 2a.

102.5 Any taxpayer meeting the requirements of this subdivision must notify the county
102.6 assessor, or the assessor who has the powers of the county assessor under section 273.063,
102.7 in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this
102.8 subdivision. The assessor must not deny full homestead treatment to a property that is
102.9 partially homesteaded on January 2 but occupied for the purpose of a full homestead on
102.10 December ~~1~~ 31 of a year.

102.11 The county assessor and the county auditor may make the necessary changes on their
102.12 assessment and tax records to provide for proper homestead classification as provided in
102.13 this subdivision.

102.14 If homestead classification has not been requested as of December ~~15~~ 31, the assessor
102.15 will classify the property as nonhomestead for the current assessment year for taxes payable
102.16 in the following year, provided that the owner of any property qualifying under this
102.17 subdivision, which has not been accorded the benefits of this subdivision, may be entitled
102.18 to receive homestead classification by proper application as provided in section 375.192.

102.19 The county assessor may publish in a newspaper of general circulation within the county
102.20 a notice requesting the public to file an application for homestead as soon as practicable
102.21 after acquisition of a homestead, but no later than December ~~15~~ 31.

102.22 The county assessor shall publish in a newspaper of general circulation within the county
102.23 no later than December 1 of each year a notice informing the public of the requirement to
102.24 file an application for homestead by December ~~15~~ 31.

102.25 In the case of manufactured homes assessed as personal property, the homestead must
102.26 be established, and a homestead classification requested, by May 29 of the assessment year.
102.27 The assessor may include information on these deadlines for manufactured homes assessed
102.28 as personal property in the published notice or notices.

102.29 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

103.1 Sec. 7. Minnesota Statutes 2020, section 273.124, subdivision 13, is amended to read:

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

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

103.10 (c) Every property owner applying for homestead classification must furnish to the
103.11 county assessor the Social Security number or individual tax identification number of each
103.12 occupant who is listed as an owner of the property on the deed of record, the name and
103.13 address of each owner who does not occupy the property, and the name and Social Security
103.14 number or individual tax identification number of the spouse of each occupying owner. The
103.15 application must be signed by each owner who occupies the property and by each owner's
103.16 spouse who occupies the property, or, in the case of property that qualifies as a homestead
103.17 under subdivision 1, paragraph (c), by the qualifying relative.

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

103.22 Owners or spouses occupying residences owned by their spouses and previously occupied
103.23 with the other spouse, either of whom fail to include the other spouse's name and Social
103.24 Security number or individual tax identification number on the homestead application or
103.25 provide the affidavits or other proof requested, will be deemed to have elected to receive
103.26 only partial homestead treatment of their residence. The remainder of the residence will be
103.27 classified as nonhomestead residential. When an owner or spouse's name and Social Security
103.28 number or individual tax identification number appear on homestead applications for two
103.29 separate residences and only one application is signed, the owner or spouse will be deemed
103.30 to have elected to homestead the residence for which the application was signed.

103.31 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
103.32 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
103.33 the property to receive homestead status, a homestead application must be filed with the
103.34 assessor. The Social Security number or individual tax identification number of each relative

104.1 occupying the property and the name and Social Security number or individual tax
 104.2 identification number of the spouse of a relative occupying the property shall be required
 104.3 on the homestead application filed under this subdivision. If a different relative of the owner
 104.4 subsequently occupies the property, the owner of the property must notify the assessor
 104.5 within 30 days of the change in occupancy. The Social Security number or individual tax
 104.6 identification number of a relative occupying the property or the spouse of a relative
 104.7 occupying the property is private data on individuals as defined by section 13.02, subdivision
 104.8 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding
 104.9 under the Revenue Recapture Act to recover personal property taxes owing, to the county
 104.10 treasurer.

104.11 (e) The homestead application shall also notify the property owners that if the property
 104.12 is granted homestead status for any assessment year, that same property shall remain
 104.13 classified as homestead until the property is sold or transferred to another person, or the
 104.14 owners, the spouse of the owner, or the relatives no longer use the property as their
 104.15 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
 104.16 be timely filed with the county auditor as provided under section 272.115. Failure to notify
 104.17 the assessor within 30 days that the property has been sold, transferred, or that the owner,
 104.18 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
 104.19 shall result in the penalty provided under this subdivision and the property will lose its
 104.20 current homestead status.

104.21 (f) If a homestead application has not been filed with the county by December ~~15~~ 31,
 104.22 the assessor shall classify the property as nonhomestead for the current assessment year for
 104.23 taxes payable in the following year, provided that the owner may be entitled to receive the
 104.24 homestead classification by proper application under section 375.192.

104.25 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

104.26 Sec. 8. Minnesota Statutes 2020, section 273.124, subdivision 13c, is amended to read:

104.27 Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner
 104.28 may ask the counties to furnish lists of all properties and the record owners. The Social
 104.29 Security numbers, individual tax identification numbers, and federal identification numbers
 104.30 that are maintained by a county or city assessor for property tax administration purposes,
 104.31 and that may appear on the lists retain their classification as private or nonpublic data; but
 104.32 may be viewed, accessed, and used by the county auditor or treasurer of the same county
 104.33 for the limited purpose of assisting the commissioner in the preparation of microdata samples
 104.34 under section 270C.12. The commissioner shall use the information provided on the lists

105.1 as appropriate under the law, including for the detection of improper claims by owners, or
105.2 relatives of owners, under chapter 290A.

105.3 **EFFECTIVE DATE.** This section is effective for homestead data provided to the
105.4 commissioner of revenue in 2022 and thereafter.

105.5 Sec. 9. Minnesota Statutes 2020, section 273.124, subdivision 13d, is amended to read:

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

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

105.11 (2) the name and Social Security number or individual tax identification number of each
105.12 occupant of homestead property who is the property owner or qualifying relative of a property
105.13 owner, and the spouse of the property owner who occupies homestead property or spouse
105.14 of a qualifying relative of a property owner who occupies homestead property;

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

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

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

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

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

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

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

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

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

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

106.4 **EFFECTIVE DATE.** This section is effective for homestead data provided to the
106.5 commissioner of revenue in 2022 and thereafter.

106.6 Sec. 10. Minnesota Statutes 2020, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

106.30 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner
106.31 or of the owner's spouse, is actively farming the agricultural property, either on the person's
106.32 own behalf as an individual or on behalf of a partnership operating a family farm, family

107.1 farm corporation, joint family farm venture, or limited liability company of which the person
107.2 is a partner, shareholder, or member;

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

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

107.7 (5) neither the owner nor the person actively farming the agricultural property lives
107.8 farther than four townships or cities, or a combination of four townships or cities, from the
107.9 agricultural property, except that if the owner or the owner's spouse is required to live in
107.10 employer-provided housing, the owner or owner's spouse, whichever is actively farming
107.11 the agricultural property, may live more than four townships or cities, or combination of
107.12 four townships or cities from the agricultural property.

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

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

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

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

107.26 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
107.27 holding a vested remainder interest in it must be classified as a homestead under section
107.28 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
107.29 dwellings on the land used for purposes of a homestead by persons holding vested remainder
107.30 interests who are actively engaged in farming the property, and up to one acre of the land
107.31 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
107.32 must also be assessed class 2a.

108.1 (e) Agricultural land and buildings that were class 2a homestead property under section
108.2 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
108.3 agricultural homesteads for subsequent assessments if:

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

108.6 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
108.7 Wilkin;

108.8 (3) the agricultural land and buildings remain under the same ownership for the current
108.9 assessment year as existed for the 1997 assessment year and continue to be used for
108.10 agricultural purposes;

108.11 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
108.12 of one of the parcels of agricultural land that is owned by the taxpayer; and

108.13 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
108.14 and the owner furnishes the assessor any information deemed necessary by the assessor in
108.15 verifying the change in dwelling. Further notifications to the assessor are not required if the
108.16 property continues to meet all the requirements in this paragraph and any dwellings on the
108.17 agricultural land remain uninhabited.

108.18 (f) Agricultural land and buildings that were class 2a homestead property under section
108.19 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
108.20 agricultural homesteads for subsequent assessments if:

108.21 (1) the property owner abandoned the homestead dwelling located on the agricultural
108.22 homestead as a result of damage caused by a March 29, 1998, tornado;

108.23 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,
108.24 Nicollet, Nobles, or Rice;

108.25 (3) the agricultural land and buildings remain under the same ownership for the current
108.26 assessment year as existed for the 1998 assessment year;

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

108.29 (5) the owner notifies the county assessor that the relocation was due to a March 29,
108.30 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
108.31 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
108.32 owner must notify the assessor by December 1, 1998. Further notifications to the assessor

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

109.3 (g) Agricultural property of a family farm corporation, joint family farm venture, family
109.4 farm limited liability company, or partnership operating a family farm as described under
109.5 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
109.6 property, if all of the following criteria are met:

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

109.9 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
109.10 property;

109.11 (3) that shareholder, member, or partner who is actively farming the agricultural property
109.12 is a Minnesota resident;

109.13 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
109.14 member, or partner claims another agricultural homestead in Minnesota; and

109.15 (5) that shareholder, member, or partner does not live farther than four townships or
109.16 cities, or a combination of four townships or cities, from the agricultural property.

109.17 Homestead treatment applies under this paragraph even if:

109.18 (i) the shareholder, member, or partner of that entity is actively farming the agricultural
109.19 property on the shareholder's, member's, or partner's own behalf; or

109.20 (ii) the family farm is operated by a family farm corporation, joint family farm venture,
109.21 partnership, or limited liability company other than the family farm corporation, joint family
109.22 farm venture, partnership, or limited liability company that owns the land, provided that:

109.23 (A) the shareholder, member, or partner of the family farm corporation, joint family
109.24 farm venture, partnership, or limited liability company that owns the land who is actively
109.25 farming the land is a shareholder, member, or partner of the family farm corporation, joint
109.26 family farm venture, partnership, or limited liability company that is operating the farm;
109.27 and

109.28 (B) more than half of the shareholders, members, or partners of each family farm
109.29 corporation, joint family farm venture, partnership, or limited liability company are persons
109.30 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
109.31 paragraphs (c) and (d).

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

110.5 (h) To be eligible for the special agricultural homestead under this subdivision, an initial
110.6 full application must be submitted to the county assessor where the property is located.
110.7 Owners and the persons who are actively farming the property shall be required to complete
110.8 only a one-page abbreviated version of the application in each subsequent year provided
110.9 that none of the following items have changed since the initial application:

110.10 (1) the day-to-day operation, administration, and financial risks remain the same;

110.11 (2) the owners and the persons actively farming the property continue to live within the
110.12 four townships or city criteria and are Minnesota residents;

110.13 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

110.14 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

110.15 (5) the property's acreage is unchanged; and

110.16 (6) none of the property's acres have been enrolled in a federal or state farm program
110.17 since the initial application.

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

110.24 (i) Agricultural land and buildings that were class 2a homestead property under section
110.25 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
110.26 agricultural homesteads for subsequent assessments if:

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

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

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

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

111.3 (5) the owner notifies the county assessor that the relocation was due to the August 2007
111.4 floods, and the owner furnishes the assessor any information deemed necessary by the
111.5 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
111.6 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
111.7 are not required if the property continues to meet all the requirements in this paragraph and
111.8 any dwellings on the agricultural land remain uninhabited.

111.9 (j) Agricultural land and buildings that were class 2a homestead property under section
111.10 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
111.11 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

111.25 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in
111.26 2021 and thereafter.

111.27 Sec. 11. Minnesota Statutes 2020, section 273.1245, subdivision 1, is amended to read:

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

- 112.1 (1) Social Security numbers;
- 112.2 (2) individual tax identification numbers;
- 112.3 ~~(2)~~ (3) copies of state or federal income tax returns; and
- 112.4 ~~(3)~~ (4) state or federal income tax return information, including the federal income tax
- 112.5 schedule F.

112.6 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in

112.7 2021 and thereafter.

112.8 Sec. 12. Minnesota Statutes 2020, section 273.13, subdivision 23, is amended to read:

112.9 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land

112.10 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class

112.11 2a land under the same ownership. The market value of the house and garage and immediately

112.12 surrounding one acre of land has the same classification rates as class 1a ~~or 1b~~ property

112.13 under subdivision 22. The value of the remaining land including improvements up to the

112.14 first tier valuation limit of agricultural homestead property has a classification rate of 0.5

112.15 percent of market value. The remaining property over the first tier has a classification rate

112.16 of one percent of market value. For purposes of this subdivision, the "first tier valuation

112.17 limit of agricultural homestead property" and "first tier" means the limit certified under

112.18 section 273.11, subdivision 23.

112.19 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that

112.20 are agricultural land and buildings. Class 2a property has a classification rate of one percent

112.21 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a

112.22 property must also include any property that would otherwise be classified as 2b, but is

112.23 interspersed with class 2a property, including but not limited to sloughs, wooded wind

112.24 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,

112.25 and other similar land that is impractical for the assessor to value separately from the rest

112.26 of the property or that is unlikely to be able to be sold separately from the rest of the property.

112.27 An assessor may classify the part of a parcel described in this subdivision that is used

112.28 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

112.29 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that

112.30 are unplatted real estate, rural in character and not used for agricultural purposes, including

112.31 land used for growing trees for timber, lumber, and wood and wood products, that is not

112.32 improved with a structure. The presence of a minor, ancillary nonresidential structure as

112.33 defined by the commissioner of revenue does not disqualify the property from classification

113.1 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not
113.2 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be
113.3 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled
113.4 in the sustainable forest management incentive program under chapter 290C, the number
113.5 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary
113.6 nonresidential structure must equal three acres or the number of acres excluded from the
113.7 sustainable forest incentive act covenant due to the structure, whichever is greater. Class
113.8 2b property has a classification rate of one percent of market value unless it is part of an
113.9 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

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

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

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

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

113.30 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
113.31 storage of agricultural products for sale, or the storage of machinery or equipment used in
113.32 support of agricultural production by the same farm entity. For a property to be classified
113.33 as agricultural based only on the drying or storage of agricultural products, the products
113.34 being dried or stored must have been produced by the same farm entity as the entity operating

114.1 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local
114.2 conservation program or the Reinvest in Minnesota program under sections 103F.501 to
114.3 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198
114.4 or a similar state or federal conservation program if the property was classified as agricultural
114.5 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying
114.6 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use
114.7 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,
114.8 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For
114.9 purposes of this section, a "local conservation program" means a program administered by
114.10 a town, statutory or home rule charter city, or county, including a watershed district, water
114.11 management organization, or soil and water conservation district, in which landowners
114.12 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in
114.13 exchange for use or other restrictions placed on the land. In order for property to qualify
114.14 under the local conservation program provision, a taxpayer must apply to the assessor by
114.15 February 1 of the assessment year and must submit the information required by the assessor,
114.16 including but not limited to a copy of the program requirements, the specific agreement
114.17 between the land owner and the local agency, if applicable, and a map of the conservation
114.18 area. Agricultural classification shall not be based upon the market value of any residential
114.19 structures on the parcel or contiguous parcels under the same ownership.

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

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

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

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

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

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

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

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

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

115.10 Classification under this subdivision is not determinative for qualifying under section
115.11 273.111.

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

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

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

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

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

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

115.27 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
115.28 97A.105, provided that the annual licensing report to the Department of Natural Resources,
115.29 which must be submitted annually by March 30 to the assessor, indicates that at least 500
115.30 birds were raised or used for breeding stock on the property during the preceding year and
115.31 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
115.32 shooting preserve licensed under section 97A.115;

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

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

116.4 (8) maple syrup taken from trees grown by a person licensed by the Minnesota
116.5 Department of Agriculture under chapter 28A as a food processor.

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

116.8 (1) wholesale and retail sales;

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

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

116.11 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
116.12 (3),

116.13 the assessor shall classify the part of the parcel used for agricultural purposes as class
116.14 ~~1b~~, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.
116.15 The grading, sorting, and packaging of raw agricultural products for first sale is considered
116.16 an agricultural purpose. A greenhouse or other building where horticultural or nursery
116.17 products are grown that is also used for the conduct of retail sales must be classified as
116.18 agricultural if it is primarily used for the growing of horticultural or nursery products from
116.19 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.
116.20 Use of a greenhouse or building only for the display of already grown horticultural or nursery
116.21 products does not qualify as an agricultural purpose.

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

116.26 (l) Class 2d airport landing area consists of a landing area or public access area of a
116.27 privately owned public use airport. It has a classification rate of one percent of market value.
116.28 To qualify for classification under this paragraph, a privately owned public use airport must
116.29 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing
116.30 area" means that part of a privately owned public use airport properly cleared, regularly
116.31 maintained, and made available to the public for use by aircraft and includes runways,
116.32 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing

117.1 area also includes land underlying both the primary surface and the approach surfaces that
117.2 comply with all of the following:

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

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

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

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

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

117.21 (1) a legal description of the property;

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

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

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

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

118.1 (n) When any portion of the property under this subdivision or subdivision 22 begins to
118.2 be actively mined, the owner must file a supplemental affidavit within 60 days from the
118.3 day any aggregate is removed stating the number of acres of the property that is actively
118.4 being mined. The acres actively being mined must be (1) valued and classified under
118.5 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate
118.6 resource preservation property tax program under section 273.1115, if the land was enrolled
118.7 in that program. Copies of the original affidavit and all supplemental affidavits must be
118.8 filed with the county assessor, the local zoning administrator, and the Department of Natural
118.9 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
118.10 time a subsequent portion of the property is actively mined, provided that the minimum
118.11 acreage change is five acres, even if the actual mining activity constitutes less than five
118.12 acres.

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

118.16 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

118.17 Sec. 13. Minnesota Statutes 2020, section 273.13, subdivision 25, is amended to read:

118.18 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units
118.19 and used or held for use by the owner or by the tenants or lessees of the owner as a residence
118.20 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a
118.21 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt
118.22 under section 272.02, and contiguous property used for hospital purposes, without regard
118.23 to whether the property has been platted or subdivided. The market value of class 4a property
118.24 has a classification rate of 1.25 percent.

118.25 (b) Class 4b includes:

118.26 (1) residential real estate containing less than four units, including property rented as a
118.27 short-term rental property for more than 14 days in the preceding year, that does not qualify
118.28 as class 4bb, other than seasonal residential recreational property;

118.29 (2) manufactured homes not classified under any other provision;

118.30 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm
118.31 classified under subdivision 23, paragraph (b) containing two or three units; and

118.32 (4) unimproved property that is classified residential as determined under subdivision
118.33 33.

119.1 For the purposes of this paragraph, "short-term rental property" means nonhomestead
119.2 residential real estate rented for periods of less than 30 consecutive days.

119.3 The market value of class 4b property has a classification rate of 1.25 percent.

119.4 (c) Class 4bb includes:

119.5 (1) nonhomestead residential real estate containing one unit, other than seasonal
119.6 residential recreational property;

119.7 (2) a single family dwelling, garage, and surrounding one acre of property on a
119.8 nonhomestead farm classified under subdivision 23, paragraph (b); and

119.9 (3) a condominium-type storage unit having an individual property identification number
119.10 that is not used for a commercial purpose.

119.11 Class 4bb property has the same classification rates as class 1a property under subdivision
119.12 22.

119.13 Property that has been classified as seasonal residential recreational property at any time
119.14 during which it has been owned by the current owner or spouse of the current owner does
119.15 not qualify for class 4bb.

119.16 (d) Class 4c property includes:

119.17 (1) except as provided in subdivision 22, paragraph (c), real and personal property
119.18 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
119.19 for not more than 250 days in the year preceding the year of assessment. For purposes of
119.20 this clause, property is devoted to a commercial purpose on a specific day if any portion of
119.21 the property is used for residential occupancy, and a fee is charged for residential occupancy.
119.22 Class 4c property under this clause must contain three or more rental units. A "rental unit"
119.23 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
119.24 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
119.25 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
119.26 under this clause regardless of the term of the rental agreement, as long as the use of the
119.27 camping pad does not exceed 250 days. In order for a property to be classified under this
119.28 clause, either (i) the business located on the property must provide recreational activities,
119.29 at least 40 percent of the annual gross lodging receipts related to the property must be from
119.30 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
119.31 bookings by lodging guests during the year must be for periods of at least two consecutive
119.32 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
119.33 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,

120.1 and must be located in a township or a city with a population of 2,500 or less located outside
120.2 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
120.3 of a state trail administered by the Department of Natural Resources. For purposes of item
120.4 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
120.5 property also includes commercial use real property used exclusively for recreational
120.6 purposes in conjunction with other class 4c property classified under this clause and devoted
120.7 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
120.8 two acres, provided the property is not devoted to commercial recreational use for more
120.9 than 250 days in the year preceding the year of assessment and is located within two miles
120.10 of the class 4c property with which it is used. In order for a property to qualify for
120.11 classification under this clause, the owner must submit a declaration to the assessor
120.12 designating the cabins or units occupied for 250 days or less in the year preceding the year
120.13 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
120.14 share of the land on which they are located must be designated class 4c under this clause
120.15 as otherwise provided. The remainder of the cabins or units and a proportionate share of
120.16 the land on which they are located will be designated as class 3a. The owner of property
120.17 desiring designation as class 4c property under this clause must provide guest registers or
120.18 other records demonstrating that the units for which class 4c designation is sought were not
120.19 occupied for more than 250 days in the year preceding the assessment if so requested. The
120.20 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
120.21 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
120.22 directly related to temporary and seasonal residential occupancy for recreation purposes
120.23 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"
120.24 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
120.25 ski equipment; providing marina services, launch services, or guide services; or selling bait
120.26 and fishing tackle;

120.27 (2) qualified property used as a golf course if:

120.28 (i) it is open to the public on a daily fee basis. It may charge membership fees or dues,
120.29 but a membership fee may not be required in order to use the property for golfing, and its
120.30 green fees for golfing must be comparable to green fees typically charged by municipal
120.31 courses; and

120.32 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

120.33 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with
120.34 the golf course is classified as class 3a property;

121.1 (3) real property up to a maximum of three acres of land owned and used by a nonprofit
121.2 community service oriented organization and not used for residential purposes on either a
121.3 temporary or permanent basis, provided that:

121.4 (i) the property is not used for a revenue-producing activity for more than six days in
121.5 the calendar year preceding the year of assessment; or

121.6 (ii) the organization makes annual charitable contributions and donations at least equal
121.7 to the property's previous year's property taxes and the property is allowed to be used for
121.8 public and community meetings or events for no charge, as appropriate to the size of the
121.9 facility.

121.10 For purposes of this clause:

121.11 (A) "charitable contributions and donations" has the same meaning as lawful gambling
121.12 purposes under section 349.12, subdivision 25, excluding those purposes relating to the
121.13 payment of taxes, assessments, fees, auditing costs, and utility payments;

121.14 (B) "property taxes" excludes the state general tax;

121.15 (C) a "nonprofit community service oriented organization" means any corporation,
121.16 society, association, foundation, or institution organized and operated exclusively for
121.17 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
121.18 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal
121.19 Revenue Code; and

121.20 (D) "revenue-producing activities" shall include but not be limited to property or that
121.21 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
121.22 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
121.23 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
121.24 insurance business, or office or other space leased or rented to a lessee who conducts a
121.25 for-profit enterprise on the premises.

121.26 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The
121.27 use of the property for social events open exclusively to members and their guests for periods
121.28 of less than 24 hours, when an admission is not charged nor any revenues are received by
121.29 the organization shall not be considered a revenue-producing activity.

121.30 The organization shall maintain records of its charitable contributions and donations
121.31 and of public meetings and events held on the property and make them available upon
121.32 request any time to the assessor to ensure eligibility. An organization meeting the requirement
121.33 under item (ii) must file an application by May 1 with the assessor for eligibility for the

122.1 current year's assessment. The commissioner shall prescribe a uniform application form
122.2 and instructions;

122.3 (4) postsecondary student housing of not more than one acre of land that is owned by a
122.4 nonprofit corporation organized under chapter 317A and is used exclusively by a student
122.5 cooperative, sorority, or fraternity for on-campus housing or housing located within two
122.6 miles of the border of a college campus;

122.7 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, ~~excluding~~
122.8 including manufactured home parks ~~described in items (ii) and (iii), (ii) manufactured home~~
122.9 ~~parks as defined in section 327.14, subdivision 3,~~ that are described in section 273.124,
122.10 subdivision 3a, ~~and (iii) class I manufactured home parks as defined in section 327C.01,~~
122.11 ~~subdivision 13;~~

122.12 (6) real property that is actively and exclusively devoted to indoor fitness, health, social,
122.13 recreational, and related uses, is owned and operated by a not-for-profit corporation, and is
122.14 located within the metropolitan area as defined in section 473.121, subdivision 2;

122.15 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt under
122.16 section 272.01, subdivision 2, and the land on which it is located, provided that:

122.17 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
122.18 Airports Commission, or group thereof; and

122.19 (ii) the land lease, or any ordinance or signed agreement restricting the use of the leased
122.20 premise, prohibits commercial activity performed at the hangar.

122.21 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
122.22 filed by the new owner with the assessor of the county where the property is located within
122.23 60 days of the sale;

122.24 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
122.25 272.01, subdivision 2, and the land on which it is located, provided that:

122.26 (i) the land abuts a public airport; and

122.27 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement
122.28 restricting the use of the premises, prohibiting commercial use or activity performed at the
122.29 hangar; and

122.30 (9) residential real estate, a portion of which is used by the owner for homestead purposes,
122.31 and that is also a place of lodging, if all of the following criteria are met:

123.1 (i) rooms are provided for rent to transient guests that generally stay for periods of 14
123.2 or fewer days;

123.3 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated in
123.4 the basic room rate;

123.5 (iii) meals are not provided to the general public except for special events on fewer than
123.6 seven days in the calendar year preceding the year of the assessment; and

123.7 (iv) the owner is the operator of the property.

123.8 The market value subject to the 4c classification under this clause is limited to five rental
123.9 units. Any rental units on the property in excess of five, must be valued and assessed as
123.10 class 3a. The portion of the property used for purposes of a homestead by the owner must
123.11 be classified as class 1a property under subdivision 22;

123.12 (10) real property up to a maximum of three acres and operated as a restaurant as defined
123.13 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
123.14 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
123.15 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
123.16 of its annual gross receipts from business conducted during four consecutive months. Gross
123.17 receipts from the sale of alcoholic beverages must be included in determining the property's
123.18 qualification under item (ii). The property's primary business must be as a restaurant and
123.19 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
123.20 Owners of real property desiring 4c classification under this clause must submit an annual
123.21 declaration to the assessor by February 1 of the current assessment year, based on the
123.22 property's relevant information for the preceding assessment year;

123.23 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as
123.24 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public
123.25 and devoted to recreational use for marina services. The marina owner must annually provide
123.26 evidence to the assessor that it provides services, including lake or river access to the public
123.27 by means of an access ramp or other facility that is either located on the property of the
123.28 marina or at a publicly owned site that abuts the property of the marina. No more than 800
123.29 feet of lakeshore may be included in this classification. Buildings used in conjunction with
123.30 a marina for marina services, including but not limited to buildings used to provide food
123.31 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified
123.32 as class 3a property; and

123.33 (12) real and personal property devoted to noncommercial temporary and seasonal
123.34 residential occupancy for recreation purposes.

124.1 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
 124.2 each parcel of noncommercial seasonal residential recreational property under clause (12)
 124.3 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
 124.4 under clause (5), ~~item (i), have the same classification rate as class 4b property, the market~~
 124.5 ~~value of manufactured home parks assessed under clause (5), item (ii), have a classification~~
 124.6 ~~rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by~~
 124.7 ~~shareholders in the cooperative corporation or association and a classification rate of one~~
 124.8 ~~percent if 50 percent or less of the lots are so occupied, and class I manufactured home~~
 124.9 ~~parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0~~ have
 124.10 a classification rate of 0.75 percent, (iii) commercial-use seasonal residential recreational
 124.11 property and marina recreational land as described in clause (11), has a classification rate
 124.12 of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining
 124.13 market value, (iv) the market value of property described in clause (4) has a classification
 124.14 rate of one percent, (v) the market value of property described in clauses (2), (6), and (10)
 124.15 has a classification rate of 1.25 percent, (vi) that portion of the market value of property in
 124.16 clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii)
 124.17 property qualifying for classification under clause (3) that is owned or operated by a
 124.18 congressionally chartered veterans organization has a classification rate of one percent. The
 124.19 commissioner of veterans affairs must provide a list of congressionally chartered veterans
 124.20 organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018,
 124.21 and each year thereafter.

124.22 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
 124.23 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of
 124.24 the units in the building qualify as low-income rental housing units as certified under section
 124.25 273.128, subdivision 3, only the proportion of qualifying units to the total number of units
 124.26 in the building qualify for class 4d. The remaining portion of the building shall be classified
 124.27 by the assessor based upon its use. Class 4d also includes the same proportion of land as
 124.28 the qualifying low-income rental housing units are to the total units in the building. For all
 124.29 properties qualifying as class 4d, the market value determined by the assessor must be based
 124.30 on the normal approach to value using normal unrestricted rents.

124.31 (f) The first tier of market value of class 4d property has a classification rate of 0.75
 124.32 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.
 124.33 For the purposes of this paragraph, the "first tier of market value of class 4d property" means
 124.34 the market value of each housing unit up to the first tier limit. For the purposes of this
 124.35 paragraph, all class 4d property value must be assigned to individual housing units. The

125.1 first tier limit is ~~\$100,000~~ \$174,000 for assessment year ~~2014~~ 2022 and assessment year
 125.2 2023. For subsequent years, the limit is adjusted each year by the average statewide change
 125.3 in estimated market value of property classified as class 4a and 4d under this section for
 125.4 the previous assessment year, excluding valuation change due to new construction, rounded
 125.5 to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000.
 125.6 Beginning with assessment year 2015, the commissioner of revenue must certify the limit
 125.7 for each assessment year by November 1 of the previous year.

125.8 **EFFECTIVE DATE; APPLICATION.** (a) The amendment to paragraph (d) is effective
 125.9 beginning with property taxes payable in 2023 and thereafter.

125.10 (b) The amendment to paragraph (f) is effective beginning with assessment year 2022.

125.11 Sec. 14. Minnesota Statutes 2020, section 273.13, subdivision 34, is amended to read:

125.12 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a
 125.13 portion of the market value of property owned by a veteran and serving as the veteran's
 125.14 homestead under this section is excluded in determining the property's taxable market value
 125.15 if the veteran has a service-connected disability of 70 percent or more as certified by the
 125.16 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,
 125.17 the veteran must have been honorably discharged from the United States armed forces, as
 125.18 indicated by United States Government Form DD214 or other official military discharge
 125.19 papers.

125.20 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,
 125.21 except as provided in clause (2); and

125.22 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is
 125.23 excluded.

125.24 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
 125.25 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
 125.26 spouse holds the legal or beneficial title to the homestead and permanently resides there,
 125.27 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
 125.28 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise
 125.29 provided in paragraph (n). Qualification under this paragraph requires an application under
 125.30 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
 125.31 marital status, ownership of the property, or use of the property as a permanent residence.

125.32 (d) If the spouse of a member of any branch or unit of the United States armed forces
 125.33 who dies due to a service-connected cause while serving honorably in active service, as

126.1 indicated on United States Government Form DD1300 or DD2064, holds the legal or
126.2 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
126.3 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
126.4 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
126.5 paragraph (n).

126.6 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property
126.7 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary
126.8 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify
126.9 for under paragraph (b).

126.10 (f) In the case of an agricultural homestead, only the portion of the property consisting
126.11 of the house and garage and immediately surrounding one acre of land qualifies for the
126.12 valuation exclusion under this subdivision.

126.13 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible
126.14 for the market value exclusion under subdivision 35, or classification under subdivision 22,
126.15 paragraph (b).

126.16 (h) To qualify for a valuation exclusion under this subdivision a property owner must
126.17 apply to the assessor by December ~~15~~ 31 of the first assessment year for which the exclusion
126.18 is sought. ~~For an application received after December 15, the exclusion shall become effective~~
126.19 ~~for the following assessment year.~~ Except as provided in paragraph (c), the owner of a
126.20 property that has been accepted for a valuation exclusion must notify the assessor if there
126.21 is a change in ownership of the property or in the use of the property as a homestead.

126.22 (i) A first-time application by a qualifying spouse for the market value exclusion under
126.23 paragraph (d) must be made any time within two years of the death of the service member.

126.24 (j) For purposes of this subdivision:

126.25 (1) "active service" has the meaning given in section 190.05;

126.26 (2) "own" means that the person's name is present as an owner on the property deed;

126.27 (3) "primary family caregiver" means a person who is approved by the secretary of the
126.28 United States Department of Veterans Affairs for assistance as the primary provider of
126.29 personal care services for an eligible veteran under the Program of Comprehensive Assistance
126.30 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

126.31 (4) "veteran" has the meaning given the term in section 197.447.

127.1 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
127.2 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
127.3 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise
127.4 disposes of the property, except as otherwise provided in paragraph (n), if:

127.5 (1) the spouse files a first-time application within two years of the death of the service
127.6 member or by June 1, 2019, whichever is later;

127.7 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
127.8 homestead and permanently resides there;

127.9 (3) the veteran met the honorable discharge requirements of paragraph (a); and

127.10 (4) the United States Department of Veterans Affairs certifies that:

127.11 (i) the veteran met the total (100 percent) and permanent disability requirement under
127.12 paragraph (b), clause (2); or

127.13 (ii) the spouse has been awarded dependency and indemnity compensation.

127.14 (l) The purpose of this provision of law providing a level of homestead property tax
127.15 relief for veterans with a disability, their primary family caregivers, and their surviving
127.16 spouses is to help ease the burdens of war for those among our state's citizens who bear
127.17 those burdens most heavily.

127.18 (m) By July 1, the county veterans service officer must certify the disability rating and
127.19 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

127.20 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
127.21 the legal or beneficial title to the property may continue to receive the exclusion for a
127.22 property other than the property for which the exclusion was initially granted until the spouse
127.23 remarries or sells, transfers, or otherwise disposes of the property, provided that:

127.24 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed
127.25 under this paragraph;

127.26 (2) the spouse holds the legal or beneficial title to the property for which the continuation
127.27 of the exclusion is sought under this paragraph, and permanently resides there;

127.28 (3) the estimated market value of the property for which the exclusion is sought under
127.29 this paragraph is less than or equal to the estimated market value of the property that first
127.30 received the exclusion, based on the value of each property on the date of the sale of the
127.31 property that first received the exclusion; and

128.1 (4) the spouse has not previously received the benefit under this paragraph for a property
128.2 other than the property for which the exclusion is sought.

128.3 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

128.4 Sec. 15. Minnesota Statutes 2020, section 273.1315, subdivision 2, is amended to read:

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

128.10 (1) the information necessary to verify that, on or before June 30 of the filing year, the
128.11 property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision
128.12 22, paragraph (b), for class 1b classification; and

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

128.14 (b) The declaration must be filed on or before October 1 to be effective for property
128.15 taxes payable during the succeeding calendar year. The Social Security numbers, individual
128.16 tax identification numbers, and income and medical information received from the property
128.17 owner pursuant to this subdivision are private data on individuals as defined in section
128.18 13.02. If approved by the assessor, the declaration remains in effect until the property no
128.19 longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the
128.20 assessor within 30 days that the property no longer qualifies under that paragraph because
128.21 of a sale, change in occupancy, or change in the status or condition of an occupant shall
128.22 result in the penalty provided in section 273.124, subdivision 13b, computed on the basis
128.23 of the class 1b benefits for the property, and the property shall lose its current class 1b
128.24 classification.

128.25 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in
128.26 2021 and thereafter.

128.27 Sec. 16. Minnesota Statutes 2020, section 275.025, subdivision 1, is amended to read:

128.28 Subdivision 1. **Levy amount.** The state general levy is levied against
128.29 commercial-industrial property and seasonal residential recreational property, as defined
128.30 in this section. The state general levy for commercial-industrial property is ~~\$737,090,000~~
128.31 \$716,990,000 for taxes payable in ~~2020~~ 2022 and thereafter. The state general levy for
128.32 seasonal-recreational property is \$41,690,000 for taxes payable in 2020 and thereafter. The

129.1 tax under this section is not treated as a local tax rate under section 469.177 and is not the
129.2 levy of a governmental unit under chapters 276A and 473F.

129.3 The commissioner shall increase or decrease the preliminary or final rate for a year as
129.4 necessary to account for errors and tax base changes that affected a preliminary or final rate
129.5 for either of the two preceding years. Adjustments are allowed to the extent that the necessary
129.6 information is available to the commissioner at the time the rates for a year must be certified,
129.7 and for the following reasons:

129.8 (1) an erroneous report of taxable value by a local official;

129.9 (2) an erroneous calculation by the commissioner; and

129.10 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
129.11 residential recreational property reported to the commissioner under section 270C.85,
129.12 subdivision 2, clause (4), for the same year.

129.13 The commissioner may, but need not, make adjustments if the total difference in the tax
129.14 levied for the year would be less than \$100,000.

129.15 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
129.16 in 2022 and thereafter.

129.17 Sec. 17. Minnesota Statutes 2020, section 275.025, subdivision 2, is amended to read:

129.18 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
129.19 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
129.20 as class 3 or class 5(1) under section 273.13, excluding:

129.21 (1) the tax capacity attributable to the first ~~\$100,000~~ \$150,000 of market value of each
129.22 parcel of commercial-industrial property as defined under section 273.13, subdivision 24,
129.23 clauses (1) and (2);

129.24 (2) electric generation attached machinery under class 3; and

129.25 (3) property described in section 473.625.

129.26 County commercial-industrial tax capacity amounts are not adjusted for the captured
129.27 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
129.28 the net tax capacity of transmission lines deducted from a local government's total net tax
129.29 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
129.30 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
129.31 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and

130.1 (2), shall apply in determining the portion of a property eligible to be considered within the
 130.2 first ~~\$100,000~~ \$150,000 of market value.

130.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 130.4 in 2022 and thereafter.

130.5 Sec. 18. Minnesota Statutes 2020, section 275.065, subdivision 1, is amended to read:

130.6 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary,
 130.7 on or before September 30, each county, home rule charter or statutory city, town, and
 130.8 special taxing district, excluding the Metropolitan Council and the Metropolitan Mosquito
 130.9 Control Commission, shall certify to the county auditor the proposed property tax levy for
 130.10 taxes payable in the following year. For towns, the final certified levy shall also be considered
 130.11 the proposed levy.

130.12 (b) Each county and city with a population of at least 500 must annually notify the public
 130.13 of its revenue, expenditures, fund balances, and other relevant budget information that is
 130.14 used to establish the proposed property tax levy. Each county and city with a population of
 130.15 at least 500 must hold a public meeting on the budget and proposed levy. The meeting must
 130.16 be held at least seven days prior to the day that the proposed levy under this subdivision is
 130.17 certified, the public must be allowed to speak at the meeting, and the meeting must not
 130.18 begin before 6:00 p.m.

130.19 ~~(b)~~ (c) Notwithstanding any law or charter to the contrary, on or before September 15,
 130.20 the Metropolitan Council and the Metropolitan Mosquito Control Commission shall adopt
 130.21 and certify to the county auditor a proposed property tax levy for taxes payable in the
 130.22 following year.

130.23 ~~(c)~~ (d) On or before September 30, each school district that has not mutually agreed with
 130.24 its home county to extend this date shall certify to the county auditor the proposed property
 130.25 tax levy for taxes payable in the following year. Each school district that has agreed with
 130.26 its home county to delay the certification of its proposed property tax levy must certify its
 130.27 proposed property tax levy for the following year no later than October 7. The school district
 130.28 shall certify the proposed levy as:

130.29 (1) a specific dollar amount by school district fund, broken down between voter-approved
 130.30 and non-voter-approved levies and between referendum market value and tax capacity
 130.31 levies; or

130.32 (2) the maximum levy limitation certified by the commissioner of education according
 130.33 to section 126C.48, subdivision 1.

131.1 ~~(d)~~ (e) If the board of estimate and taxation or any similar board that establishes maximum
 131.2 tax levies for taxing jurisdictions within a first class city certifies the maximum property
 131.3 tax levies for funds under its jurisdiction by charter to the county auditor by the date specified
 131.4 in paragraph (a), the city shall be deemed to have certified its levies for those taxing
 131.5 jurisdictions.

131.6 ~~(e)~~ (f) For purposes of this section, "special taxing district" means a special taxing district
 131.7 as defined in section 275.066. Intermediate school districts that levy a tax under chapter
 131.8 124 or 136D, joint powers boards established under sections 123A.44 to 123A.445, and
 131.9 Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special
 131.10 taxing districts for purposes of this section.

131.11 ~~(f)~~ (g) At the meeting at which a taxing authority, other than a town, adopts its proposed
 131.12 tax levy under this subdivision, the taxing authority shall announce the time and place of
 131.13 any subsequent regularly scheduled meetings at which the budget and levy will be discussed
 131.14 and at which the public will be allowed to speak. The time and place of those meetings must
 131.15 be included in the proceedings or summary of proceedings published in the official newspaper
 131.16 of the taxing authority under section 123B.09, 375.12, or 412.191.

131.17 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2022 and
 131.18 thereafter.

131.19 Sec. 19. Minnesota Statutes 2020, section 275.065, subdivision 3, is amended to read:

131.20 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
 131.21 the county treasurer shall deliver after November 10 and on or before November 24 each
 131.22 year, by first class mail to each taxpayer at the address listed on the county's current year's
 131.23 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,
 131.24 the treasurer may send the notice in electronic form or by ~~electronic mail~~ e-mail instead of
 131.25 on paper or by ordinary mail.

131.26 (b) The commissioner of revenue shall prescribe the form of the notice.

131.27 (c) The notice must inform taxpayers that it contains the amount of property taxes each
 131.28 taxing authority proposes to collect for taxes payable the following year. In the case of a
 131.29 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
 131.30 The notice must clearly state for each ~~city that has a population over 500, county, school~~
 131.31 ~~district~~, regional library authority established under section 134.201, ~~and metropolitan taxing~~
 131.32 ~~districts as defined in paragraph (i), and fire protection special taxing districts established~~
 131.33 under section 299O.01, the time and place of a meeting for each taxing authority in which

132.1 the budget and levy will be discussed and public input allowed, prior to the final budget
 132.2 and levy determination. ~~The taxing authorities must provide the county auditor with the~~
 132.3 ~~information to be included in the notice on or before the time it certifies its proposed levy~~
 132.4 ~~under subdivision 1.~~ The public must be allowed to speak at that meeting, which must occur
 132.5 after November 24 and must not be held before 6:00 p.m. The notice must state for each
 132.6 city that has a population over 500, county, and school district, the time and place of the
 132.7 meeting to be held pursuant to subdivision 11. The taxing authorities must provide the
 132.8 county auditor with the information to be included in the notice on or before the time it
 132.9 certifies its proposed levy under subdivision 1. It must provide a telephone number for the
 132.10 taxing authority that taxpayers may call if they have questions related to the notice and an
 132.11 address where comments will be received by mail, except that no notice required under this
 132.12 section shall be interpreted as requiring the printing of a personal telephone number or
 132.13 address as the contact information for a taxing authority. If a taxing authority does not
 132.14 maintain public offices where telephone calls can be received by the authority, the authority
 132.15 may inform the county of the lack of a public telephone number and the county shall not
 132.16 list a telephone number for that taxing authority.

132.17 (d) The notice must state for each parcel:

132.18 (1) the market value of the property as determined under section 273.11, and used for
 132.19 computing property taxes payable in the following year and for taxes payable in the current
 132.20 year as each appears in the records of the county assessor on November 1 of the current
 132.21 year; and, in the case of residential property, whether the property is classified as homestead
 132.22 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market
 132.23 values apply and that the values are final values;

132.24 (2) the items listed below, shown separately by county, city or town, and state general
 132.25 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
 132.26 credit under section 273.1387, voter approved school levy, other local school levy, and the
 132.27 sum of the special taxing districts, and as a total of all taxing authorities:

132.28 (i) the actual tax for taxes payable in the current year; and

132.29 (ii) the proposed tax amount.

132.30 If the county levy under clause (2) includes an amount for a lake improvement district
 132.31 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
 132.32 must be separately stated from the remaining county levy amount.

132.33 In the case of a town or the state general tax, the final tax shall also be its proposed tax
 132.34 unless the town changes its levy at a special town meeting under section 365.52. If a school

133.1 district has certified under section 126C.17, subdivision 9, that a referendum will be held
133.2 in the school district at the November general election, the county auditor must note next
133.3 to the school district's proposed amount that a referendum is pending and that, if approved
133.4 by the voters, the tax amount may be higher than shown on the notice. In the case of the
133.5 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
133.6 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
133.7 the St. Paul Library Agency must be listed separately from the remaining amount of the
133.8 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
133.9 listed separately from the remaining amount of the county's levy. In the case of a parcel
133.10 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
133.11 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
133.12 capacity subject to the areawide tax must each be stated separately and not included in the
133.13 sum of the special taxing districts; and

133.14 (3) the increase or decrease between the total taxes payable in the current year and the
133.15 total proposed taxes, expressed as a percentage.

133.16 For purposes of this section, the amount of the tax on homesteads qualifying under the
133.17 senior citizens' property tax deferral program under chapter 290B is the total amount of
133.18 property tax before subtraction of the deferred property tax amount.

133.19 (e) The notice must clearly state that the proposed or final taxes do not include the
133.20 following:

133.21 (1) special assessments;

133.22 (2) levies approved by the voters after the date the proposed taxes are certified, including
133.23 bond referenda and school district levy referenda;

133.24 (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday
133.25 in November of the levy year as provided under section 275.73;

133.26 (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring
133.27 after the date the proposed taxes are certified;

133.28 (5) amounts necessary to pay tort judgments against the taxing authority that become
133.29 final after the date the proposed taxes are certified; and

133.30 (6) the contamination tax imposed on properties which received market value reductions
133.31 for contamination.

134.1 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the
134.2 county treasurer to deliver the notice as required in this section does not invalidate the
134.3 proposed or final tax levy or the taxes payable pursuant to the tax levy.

134.4 (g) If the notice the taxpayer receives under this section lists the property as
134.5 nonhomestead, and satisfactory documentation is provided to the county assessor by the
134.6 applicable deadline, and the property qualifies for the homestead classification in that
134.7 assessment year, the assessor shall reclassify the property to homestead for taxes payable
134.8 in the following year.

134.9 (h) In the case of class 4 residential property used as a residence for lease or rental
134.10 periods of 30 days or more, the taxpayer must either:

134.11 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,
134.12 or lessee; or

134.13 (2) post a copy of the notice in a conspicuous place on the premises of the property.

134.14 The notice must be mailed or posted by the taxpayer by November 27 or within three
134.15 days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer
134.16 of the address of the taxpayer, agent, caretaker, or manager of the premises to which the
134.17 notice must be mailed in order to fulfill the requirements of this paragraph.

134.18 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
134.19 districts" means the following taxing districts in the seven-county metropolitan area that
134.20 levy a property tax for any of the specified purposes listed below:

134.21 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
134.22 473.521, 473.547, or 473.834;

134.23 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

134.24 (3) Metropolitan Mosquito Control Commission under section 473.711.

134.25 For purposes of this section, any levies made by the regional rail authorities in the county
134.26 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
134.27 shall be included with the appropriate county's levy.

134.28 (j) The governing body of a county, city, or school district may, with the consent of the
134.29 county board, include supplemental information with the statement of proposed property
134.30 taxes about the impact of state aid increases or decreases on property tax increases or
134.31 decreases and on the level of services provided in the affected jurisdiction. This supplemental
134.32 information may include information for the following year, the current year, and for as

135.1 many consecutive preceding years as deemed appropriate by the governing body of the
135.2 county, city, or school district. It may include only information regarding:

135.3 (1) the impact of inflation as measured by the implicit price deflator for state and local
135.4 government purchases;

135.5 (2) population growth and decline;

135.6 (3) state or federal government action; and

135.7 (4) other financial factors that affect the level of property taxation and local services
135.8 that the governing body of the county, city, or school district may deem appropriate to
135.9 include.

135.10 The information may be presented using tables, written narrative, and graphic
135.11 representations and may contain instruction toward further sources of information or
135.12 opportunity for comment.

135.13 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2022 and
135.14 thereafter.

135.15 Sec. 20. Minnesota Statutes 2020, section 275.065, is amended by adding a subdivision
135.16 to read:

135.17 **Subd. 3b. Notice of proposed property taxes required supplemental information. (a)**
135.18 The county auditor must prepare a separate statement to be delivered with the notice of
135.19 proposed taxes described in subdivision 3. The statement must fit on one sheet of paper and
135.20 contain for each parcel:

135.21 (1) for the county, city or township, and school district in which the parcel lies, the
135.22 certified levy for the current taxes payable year, the proposed levy for taxes payable in the
135.23 following year, and the increase or decrease between these two amounts, expressed as a
135.24 percentage;

135.25 (2) summary budget information listed in paragraph (b); and

135.26 (3) information on how to access each taxing authority's website where the taxpayer can
135.27 find the proposed budget and information on how to participate in person and remotely in
135.28 the Minnesota Property Taxpayer's Day meetings, held pursuant to subdivision 11.

135.29 (b) Summary budget information must contain budget data from the county, city, and
135.30 school district that proposes a property tax levy on the parcel for taxes payable the following
135.31 year. For the school district, the summary budget data must include the information provided
135.32 to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and

136.1 following year. For the county and city, the reported summary budget data must contain
136.2 the same information, in the same categories, and in the same format as provided to the
136.3 Office of the State Auditor as required by section 6.745. The statement must provide the
136.4 governmental revenues and current expenditures information in clauses (1) and (2) for the
136.5 taxing authority's budget for taxes payable the following year and the taxing authority's
136.6 budget from taxes payable in the current year, as well as the percent change between the
136.7 two years. The city must provide the county auditor with the summary budget data at the
136.8 same time as the information required under subdivision 3. Only cities with a population
136.9 of at least 500 are required to report the data described in this paragraph. If a city with a
136.10 population over 500 fails to report the required information to the county auditor, the county
136.11 auditor must list the city as "budget information not reported" on the portion of the statement
136.12 dedicated to the city's budget information. The statement may take the same format as the
136.13 annual summary budget report for cities and counties issued by the Office of the State
136.14 Auditor. The summary budget data must include:

136.15 (1) a governmental revenues category, including and separately stating:

136.16 (i) "property taxes" defined as property taxes levied on an assessed valuation of real
136.17 property and personal property, if applicable, by the city and county, including fiscal
136.18 disparities;

136.19 (ii) "special assessments" defined as levies made against certain properties to defray all
136.20 or part of the costs of a specific improvement, such as new sewer and water mains, deemed
136.21 to benefit primarily those properties;

136.22 (iii) "state general purpose aid" defined as aid received from the state that has no
136.23 restrictions on its use, including local government aid, county program aid, and market
136.24 value credits; and

136.25 (iv) "state categorical aid" defined as revenues received for a specific purpose, such as
136.26 streets and highways, fire relief, and flood control, including but not limited to police and
136.27 fire state aid and out-of-home placement aid; and

136.28 (2) a current expenditures category, including and separately stating:

136.29 (i) "general government" defined as administration costs of city or county governments,
136.30 including salaries of officials and maintenance of buildings;

136.31 (ii) "public safety" defined as costs related to the protection of persons and property,
136.32 such as police, fire, ambulance services, building inspections, animal control, and flood
136.33 control;

137.1 (iii) "streets and highways" defined as costs associated with the maintenance and repair
137.2 of local highways, streets, bridges, and street equipment, such as patching, seal coating,
137.3 street lighting, street cleaning, and snow removal;

137.4 (iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed
137.5 and pest control;

137.6 (v) "human services" defined as activities designed to provide public assistance and
137.7 institutional care for individuals economically unable to provide for themselves;

137.8 (vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection,
137.9 communicable disease control, and various health services and clinics;

137.10 (vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing,
137.11 planting, removal of trees, festivals, bands, museums, community centers, cable television,
137.12 baseball fields, and organized recreation activities;

137.13 (viii) "conservation of natural resources" defined as the conservation and development
137.14 of natural resources, including agricultural and forestry programs and services, weed
137.15 inspection services, and soil and water conservation services;

137.16 (ix) "economic development and housing" defined as costs for development and
137.17 redevelopment activities in blighted or otherwise economically disadvantaged areas, including
137.18 low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and
137.19 other physical facilities, and other assistance to those wanting to provide housing and
137.20 economic opportunity within a disadvantaged area; and

137.21 (x) "all other current expenditures" defined as costs not classified elsewhere, such as
137.22 airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs,
137.23 and public transportation costs.

137.24 (c) If a taxing authority reporting this data does not have revenues or expenditures in a
137.25 category listed in paragraph (b), then the taxing authority must designate the amount as "0"
137.26 for that specific category.

137.27 (d) The supplemental statement provided under this subdivision must be sent in electronic
137.28 form or by e-mail if the taxpayer requests an electronic version the notice of proposed
137.29 property taxes under subdivision 3, paragraph (a).

137.30 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2022 and
137.31 thereafter.

138.1 Sec. 21. Minnesota Statutes 2020, section 275.065, is amended by adding a subdivision
138.2 to read:

138.3 Subd. 11. **Minnesota Property Taxpayer's Day.** (a) Notwithstanding any other provision
138.4 of law, on the first Wednesday following the first Monday in December, each county, city
138.5 with a population of at least 500, and each school district must annually hold a meeting to
138.6 discuss each taxing authority's proposed budget and levy for the upcoming taxes payable
138.7 year, prior to the final budget and levy determination. The meeting shall be known as
138.8 "Minnesota Property Taxpayer's Day."

138.9 (b) Counties must begin a meeting at 6:00 p.m. and discuss the county's budget and levy.
138.10 The public must be allowed to speak no later than 20 minutes after the start of the meeting.
138.11 Cities must begin a meeting to discuss their budget and levy at 7:00 p.m. and must allow
138.12 the public to speak no later than 20 minutes after the start of the meeting. School districts
138.13 must begin a meeting to discuss their budget and levy at 8:00 p.m. and must allow the public
138.14 to speak no later than 20 minutes after the start of the meeting.

138.15 (c) Each taxing jurisdiction must broadcast the meeting virtually and provide a method
138.16 for the public to participate in person and remotely. Information about the meeting, including
138.17 instructions on how to participate remotely, must be posted on the website of each taxing
138.18 jurisdiction required to hold a meeting under this subdivision by November 10.

138.19 **EFFECTIVE DATE.** This section is effective July 1, 2021.

138.20 Sec. 22. Minnesota Statutes 2020, section 275.066, is amended to read:

138.21 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

138.22 For the purposes of property taxation and property tax state aids, the term "special taxing
138.23 districts" includes the following entities:

138.24 (1) watershed districts under chapter 103D;

138.25 (2) sanitary districts under sections 442A.01 to 442A.29;

138.26 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

138.27 (4) regional public library districts under section 134.201;

138.28 (5) park districts under chapter 398;

138.29 (6) regional railroad authorities under chapter 398A;

138.30 (7) hospital districts under sections 447.31 to 447.38;

138.31 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

- 139.1 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- 139.2 (10) regional development commissions under sections 462.381 to 462.398;
- 139.3 (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- 139.4 (12) port authorities under sections 469.048 to 469.068;
- 139.5 (13) economic development authorities under sections 469.090 to 469.1081;
- 139.6 (14) Metropolitan Council under sections 473.123 to 473.549;
- 139.7 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 139.8 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 139.9 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter
139.10 437, section 1;
- 139.11 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 139.12 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections
139.13 1 to 6;
- 139.14 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,
139.15 section 39;
- 139.16 (21) Middle Mississippi River Watershed Management Organization under sections
139.17 103B.211 and 103B.241;
- 139.18 (22) emergency medical services special taxing districts under section 144F.01;
- 139.19 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;
- 139.20 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
139.21 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 139.22 (25) an airport authority created under section 360.0426; ~~and~~
- 139.23 (26) fire protection special taxing districts under section 299O.01; and
- 139.24 (27) any other political subdivision of the state of Minnesota, excluding counties, school
139.25 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the
139.26 county auditor, as determined by the commissioner of revenue.
- 139.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

140.1 Sec. 23. Minnesota Statutes 2020, section 290A.25, is amended to read:

140.2 **290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.**

140.3 Annually, the commissioner of revenue shall furnish a list to the county assessor
140.4 containing the names ~~and~~² Social Security numbers, and individual tax identification numbers
140.5 of persons who have applied for both homestead classification under section 273.13 and a
140.6 property tax refund as a renter under this chapter.

140.7 Within 90 days of the notification, the county assessor shall investigate to determine if
140.8 the homestead classification was improperly claimed. If the property owner does not qualify,
140.9 the county assessor shall notify the county auditor who will determine the amount of
140.10 homestead benefits that has been improperly allowed. For the purpose of this section,
140.11 "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county
140.12 auditor shall send a notice to persons who owned the affected property at the time the
140.13 homestead application related to the improper homestead was filed, demanding
140.14 reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead
140.15 benefits. The person notified may appeal the county's determination with the Minnesota
140.16 Tax Court within 60 days of the date of the notice from the county as provided in section
140.17 273.124, subdivision 13b.

140.18 If the amount of homestead benefits and penalty is not paid within 60 days, and if no
140.19 appeal has been filed, the county auditor shall certify the amount of taxes and penalty to
140.20 the county treasurer. The county treasurer will add interest to the unpaid homestead benefits
140.21 and penalty amounts at the rate provided for delinquent personal property taxes for the
140.22 period beginning 60 days after demand for payment was made until payment. If the person
140.23 notified is the current owner of the property, the treasurer may add the total amount of
140.24 benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property
140.25 in the following year. If the person notified is not the current owner of the property, the
140.26 treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A,
140.27 or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce
140.28 payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent
140.29 tax obligations of the person who owned the property at the time the application related to
140.30 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of
140.31 personal liability for the benefits, penalty, interest, and costs, and instead extend those
140.32 amounts on the tax lists against the property for taxes payable in the following year to the
140.33 extent that the current owner agrees in writing.

141.1 Any amount of homestead benefits recovered by the county from the property owner
 141.2 shall be distributed to the county, city or town, and school district where the property is
 141.3 located in the same proportion that each taxing district's levy was to the total of the three
 141.4 taxing districts' levy for the current year. Any amount recovered attributable to taconite
 141.5 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the
 141.6 taconite property tax relief account. Any amount recovered that is attributable to supplemental
 141.7 homestead credit is to be transmitted to the commissioner of revenue for deposit in the
 141.8 general fund of the state treasury. The total amount of penalty collected must be deposited
 141.9 in the county general fund.

141.10 EFFECTIVE DATE. This section is effective for lists furnished by the commissioner
 141.11 of revenue to county assessors in 2021 and thereafter.

141.12 **Sec. 24. [2990.01] FIRE PROTECTION SPECIAL TAXING DISTRICTS.**

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

141.15 (b) "City" means a statutory or home rule charter city.

141.16 (c) "Governing body" means for a city, the city council; for a county, the county board;
 141.17 and for a town, the board of supervisors.

141.18 (d) "Political subdivision" means a county, city, or township organized to provide town
 141.19 government.

141.20 Subd. 2. Authority to establish. (a) Two or more political subdivisions may establish,
 141.21 by resolution of their governing bodies, a special taxing district to provide fire protection
 141.22 or emergency medical services or both in the area of the district, comprising the jurisdiction
 141.23 of each of the political subdivisions forming the district. For a county that participates in
 141.24 establishing a district, the county's jurisdiction comprises the unorganized territory of the
 141.25 county that it designates in its resolution for inclusion in the district. The area of the special
 141.26 taxing district does not need to be contiguous or its boundaries continuous.

141.27 (b) Before establishing a district under this section, the participating political subdivisions
 141.28 must enter an agreement that specifies how any liabilities, other than debt issued under
 141.29 subdivision 6, and assets of the district will be distributed if the district is dissolved. The
 141.30 agreement may also include other terms, including a method for apportioning the levy of
 141.31 the district among participating political subdivisions under subdivision 4, paragraph (b),
 141.32 as the political subdivisions determine appropriate. The agreement must be adopted no later
 141.33 than upon passage of the resolution establishing the district under paragraph (a), but may

142.1 be later amended by agreement of each of the political subdivisions participating in the
142.2 district.

142.3 Subd. 3. **Board.** The special taxing district established under this section is governed
142.4 by a board made up initially of representatives of each participating political subdivision
142.5 in the proportions set out in the establishing resolution, subject to change as provided in the
142.6 district's charter, if any, or in the district's bylaws. Each participating political subdivision's
142.7 representative must be an elected member of the governing body of the political subdivision
142.8 and serves at the pleasure of that participant's governing body.

142.9 Subd. 4. **Property tax levy.** (a) The board may levy a tax on the taxable real and personal
142.10 property in the district. The proceeds of the levy must be used as provided in subdivision
142.11 5. The board shall certify the levy at the times provided under section 275.07. The board
142.12 shall provide the county with whatever information is necessary to identify the property
142.13 that is located within the district. If the boundaries include a part of a parcel, the entire parcel
142.14 is included in the district. The county auditor must spread, collect, and distribute the proceeds
142.15 of the tax at the same time and in the same manner as provided by law for all other property
142.16 taxes.

142.17 (b) As an alternative to paragraph (a), the board may apportion its levy among the political
142.18 subdivisions that are members of the district under a formula or method, such as population,
142.19 number of service calls, cost of providing service, the market value of improvements, or
142.20 other measure or measures, that was approved by the governing body of each of the political
142.21 subdivisions that is a member of the district. The amount of the levy allocated to each
142.22 political subdivision must be added to that political subdivision's levy and spread at the
142.23 same time and in the same manner as provided by law for other taxes. The proceeds of the
142.24 levy must be collected and remitted to the district and used as provided in subdivision 5.

142.25 Subd. 5. **Use of levy proceeds.** The proceeds of property taxes levied under this section
142.26 must be used to provide fire protection or emergency medical services to residents of the
142.27 district and property located in the district, as well as to pay debt issued under subdivision
142.28 6. Services may be provided by employees of the district or by contracting for services
142.29 provided by other governmental or private entities.

142.30 Subd. 6. **Debt.** (a) The district may incur debt under chapter 475 when the board
142.31 determines doing so is necessary to accomplish its duties.

142.32 (b) In addition, the board of the district may issue certificates of indebtedness or capital
142.33 notes under section 412.301 to purchase capital equipment. In applying section 412.301,
142.34 paragraph (e), to the district the following rules apply:

143.1 (1) the taxable property of the entire district must be used to calculate the percent of
143.2 estimated market value; and

143.3 (2) "the number of voters at the last municipal election" means the sum of the number
143.4 of voters at the last municipal election for each of the cities that is a member of the district
143.5 plus the number of registered voters in each town that is a participating member of the
143.6 district.

143.7 Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special
143.8 taxing district may exercise any power that may be exercised by any of its participating
143.9 political subdivisions and that is necessary or reasonable to support the services set out in
143.10 subdivision 5. The district may only levy the taxes authorized in subdivision 4. These powers
143.11 include, without limitation, the authority to participate in state programs and to enforce or
143.12 carry out state laws related to fire protection or emergency medical services, including
143.13 programs providing state aid, reimbursement or funding of employee benefits, authorizing
143.14 local enforcement of state standards, and similar, to the extent the special taxing district
143.15 meets the qualification criteria and requirements of a program. These include but are not
143.16 limited to fire protection related programs and political subdivision powers or responsibilities
143.17 under chapters 299A, 424A, and 477B; sections 6.495, 353.64, and 423A.022; and any
143.18 administrative rules related to the fire code.

143.19 (b) To the extent that the district's authority under this subdivision overlaps with or may
143.20 conflict with the authority of the participating political subdivision, the agreement under
143.21 subdivision 2, paragraph (b), must provide for allocation of those powers or responsibilities
143.22 between the participating political subdivisions and the district and may provide for resolution
143.23 of conflicts in the exercise of those powers.

143.24 Subd. 8. **Additions and withdrawals.** (a) The board of the district may add additional
143.25 eligible political subdivisions to a special taxing district under this section. The governing
143.26 body of the proposed eligible political subdivision must agree to the addition in a resolution
143.27 of its governing body.

143.28 (b) A political subdivision may withdraw from a special taxing district under this section
143.29 by resolution of its governing body. The political subdivision must notify the board of the
143.30 special taxing district of the withdrawal by providing a copy of the resolution at least two
143.31 years in advance of the proposed withdrawal. The taxable property of the withdrawing
143.32 member is subject to the property tax levy under subdivision 4 for the two taxes payable
143.33 years following the notice of the withdrawal, unless the board and the withdrawing member
143.34 agree otherwise by a resolution adopted by each of their governing bodies. If a political

144.1 subdivision withdraws from a district for which debt was issued under subdivision 6 when
144.2 the political subdivision was a participating member of the district and which is outstanding
144.3 when the political subdivision withdraws from the district, the taxable property of the
144.4 withdrawing political subdivision remains subject to the special taxing district debt levy
144.5 until that outstanding debt has been paid or defeased. If the district's property levy to repay
144.6 the debt was apportioned among the political subdivisions under an alternative formula or
144.7 method under subdivision 4, paragraph (b), the withdrawing political subdivision is subject
144.8 to the same percentage of the debt levy as applied in the taxes payable year immediately
144.9 before its withdrawal from the district.

144.10 (c) Notwithstanding subdivision 2, a special taxing district comprised of two political
144.11 subdivisions continues to exist even if one of the political subdivisions withdraws.

144.12 Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved
144.13 by majority vote of the board. If the special taxing district is dissolved, the assets and
144.14 liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public
144.15 purposes as provided in the agreement adopted under subdivision 2, paragraph (b), or
144.16 otherwise agreed to by the participating political subdivisions. A district may not be dissolved
144.17 until all debt issued under subdivision 6 has been paid or defeased.

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

144.19 Sec. 25. Minnesota Statutes 2020, section 429.021, subdivision 1, is amended to read:

144.20 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
144.21 power to make the following improvements:

144.22 (1) To acquire, open, and widen any street, and to improve the same by constructing,
144.23 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
144.24 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
144.25 including the beautification thereof and including storm sewers or other street drainage and
144.26 connections from sewer, water, or similar mains to curb lines.

144.27 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary
144.28 sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps,
144.29 lift stations, service connections, and other appurtenances of a sewer system, within and
144.30 without the corporate limits.

144.31 (3) To construct, reconstruct, extend, and maintain steam heating mains.

144.32 (4) To install, replace, extend, and maintain street lights and street lighting systems and
144.33 special lighting systems.

145.1 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems,
145.2 including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks,
145.3 treatment plants, and other appurtenances of a water works system, within and without the
145.4 corporate limits.

145.5 (6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational
145.6 facilities within or without the corporate limits.

145.7 (7) To plant trees on streets and provide for their trimming, care, and removal.

145.8 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
145.9 property and to fill the same.

145.10 (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

145.11 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

145.12 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
145.13 promote a pedestrian skyway system. Such improvement may be made upon a petition
145.14 pursuant to section 429.031, subdivision 3.

145.15 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
145.16 underground pedestrian concourses.

145.17 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public
145.18 malls, plazas or courtyards.

145.19 (14) To construct, reconstruct, extend, and maintain district heating systems.

145.20 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection
145.21 systems in existing buildings, but only upon a petition pursuant to section 429.031,
145.22 subdivision 3.

145.23 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
145.24 sound barriers.

145.25 (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution
145.26 facilities owned by a municipal gas or electric utility.

145.27 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
145.28 related to the operation of enhanced 911 telephone service.

145.29 (19) To improve, construct, extend, and maintain facilities for Internet access and other
145.30 communications purposes, if the council finds that:

146.1 (i) the facilities are necessary to make available Internet access or other communications
146.2 services that are not and will not be available through other providers or the private market
146.3 in the reasonably foreseeable future; and

146.4 (ii) the service to be provided by the facilities will not compete with service provided
146.5 by private entities.

146.6 (20) To assess affected property owners for all or a portion of the costs agreed to with
146.7 an electric utility, telecommunications carrier, or cable system operator to bury or alter a
146.8 new or existing distribution system within the public right-of-way that exceeds the utility's
146.9 design and construction standards, or those set by law, tariff, or franchise, but only upon
146.10 petition under section 429.031, subdivision 3.

146.11 (21) To assess affected property owners for repayment of voluntary energy improvement
146.12 financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

146.13 (22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy
146.14 improvement projects in existing buildings, provided that:

146.15 (i) a petition for the improvement is made by a property owner under section 429.031,
146.16 subdivision 3;

146.17 (ii) the municipality funds and administers the energy improvement project;

146.18 (iii) project funds are only used for the installation of improvements to heating,
146.19 ventilation, and air conditioning equipment and building envelope and for the installation
146.20 of renewable energy systems;

146.21 (iv) each property owner petitioning for the improvement receives notice that free or
146.22 low-cost energy improvements may be available under federal, state, or utility programs;

146.23 (v) for energy improvement projects on residential property, only residential property
146.24 with five or more units may obtain financing for projects under this clause; and

146.25 (vi) prior to financing an energy improvement project or imposing an assessment for a
146.26 project, written notice is provided to the mortgage lender of any mortgage encumbering or
146.27 otherwise secured by the property proposed to be improved.

146.28 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
146.29 and thereafter.

147.1 Sec. 26. Minnesota Statutes 2020, section 429.031, subdivision 3, is amended to read:

147.2 Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting upon
147.3 any street named as the location of any improvement shall petition the council to construct
147.4 the improvement and to assess the entire cost against their property, the council may, without
147.5 a public hearing, adopt a resolution determining such fact and ordering the improvement.
147.6 The validity of the resolution shall not be questioned by any taxpayer or property owner or
147.7 the municipality unless an action for that purpose is commenced within 30 days after adoption
147.8 of the resolution as provided in section 429.036. Nothing herein prevents any property
147.9 owner from questioning the amount or validity of the special assessment against the owner's
147.10 property pursuant to section 429.081. In the case of a petition for the municipality to own
147.11 and install a fire protection system, energy improvement projects, a pedestrian skyway
147.12 system, or on-site water contaminant improvements, the petition must contain or be
147.13 accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner
147.14 will grant the municipality the necessary property interest in the building to permit the city
147.15 to enter upon the property and the building to construct, maintain, and operate the fire
147.16 protection system, energy improvement projects, pedestrian skyway system, or on-site water
147.17 contaminant improvements. In the case of a petition for the installation of a privately owned
147.18 fire protection system, energy improvement projects, a privately owned pedestrian skyway
147.19 system, or privately owned on-site water contaminant improvements, the petition shall
147.20 contain the plans and specifications for the improvement, the estimated cost of the
147.21 improvement and a statement indicating whether the city or the owner will contract for the
147.22 construction of the improvement. If the owner is contracting for the construction of the
147.23 improvement, the city shall not approve the petition until it has reviewed and approved the
147.24 plans, specifications, and cost estimates contained in the petition. The construction cost
147.25 financed under section 429.091 shall not exceed the amount of the cost estimate contained
147.26 in the petition. In the case of a petition for the installation of a fire protection system, energy
147.27 improvement projects, a pedestrian skyway system, or on-site water contaminant
147.28 improvements, the petitioner may request abandonment of the improvement at any time
147.29 after it has been ordered pursuant to subdivision 1 and before contracts have been awarded
147.30 for the construction of the improvement under section 429.041, subdivision 2. If such a
147.31 request is received, the city council shall abandon the proceedings but in such case the
147.32 petitioner shall reimburse the city for any and all expenses incurred by the city in connection
147.33 with the improvement.

147.34 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
147.35 and thereafter.

148.1 **Sec. 27. SUSTAINABLE FOREST INCENTIVE ACT; VIOLATIONS.**

148.2 Land that was split-classified under Minnesota Statutes 2018, section 273.13, subdivision
 148.3 23, paragraph (c), while enrolled in the sustainable forest incentive act management program
 148.4 under Minnesota Statutes, chapter 290C, is not in violation of the conditions of enrollment
 148.5 under Minnesota Statutes, sections 290C.03 and 290C.11, if, at the time of enrollment, a
 148.6 structure that is not a minor, ancillary nonresidential structure, was identified on the covenant
 148.7 required under Minnesota Statutes, section 290C.04, and appropriate acreage was excluded
 148.8 in accordance with Minnesota Statutes, section 290C.03.

148.9 **EFFECTIVE DATE.** This section is effective for determinations of violations of the
 148.10 conditions of enrollment after June 30, 2021.

148.11 **Sec. 28. REPEALER.**

148.12 Minnesota Statutes 2020, sections 327C.01, subdivision 13; and 327C.16, are repealed.

148.13 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 148.14 in 2023.

148.15 **ARTICLE 8**

148.16 **AIDS AND CREDITS**

148.17 Section 1. Minnesota Statutes 2020, section 477A.013, subdivision 13, is amended to
 148.18 read:

148.19 **Subd. 13. Certified aid adjustments.** ~~(a) A city that received an aid base increase under~~
 148.20 ~~Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its~~
 148.21 ~~total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in~~
 148.22 ~~2014 through 2018.~~

148.23 ~~(b)~~ (a) A city that received an aid base increase under Minnesota Statutes 2012, section
 148.24 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased
 148.25 by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

148.26 ~~(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section~~
 148.27 ~~477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased~~
 148.28 ~~by an amount equal to \$1,000,000 for aids payable in 2014 only.~~

148.29 (b) The city of Floodwood shall have its total aid under subdivision 9 increased by
 148.30 \$250,000 for aids payable in 2022 through 2026.

149.1 (c) The city of Staples shall have its total aid under subdivision 9 increased by \$320,000
 149.2 for aids payable in 2022 through 2026.

149.3 (d) The city of Warren shall have its total aid under subdivision 9 increased by \$320,000
 149.4 for aids payable in 2022 through 2026.

149.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2022
 149.6 and thereafter.

149.7 Sec. 2. Minnesota Statutes 2020, section 477A.03, subdivision 2a, is amended to read:

149.8 Subd. 2a. **Cities.** ~~For aids payable in 2016 and 2017, the total aid paid under section~~
 149.9 ~~477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid~~
 149.10 ~~paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the~~
 149.11 ~~total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in~~
 149.12 ~~2021 and thereafter, the total aid payable under section 477A.013, subdivision 9, is~~
 149.13 ~~\$564,398,012. For aids payable in 2022 through 2026, the total aid payable under section~~
 149.14 ~~477A.013, subdivision 9, is \$565,288,012. For aids payable in 2027 and thereafter, the total~~
 149.15 ~~aid payable under section 477A.013, subdivision 9, is \$564,398,012.~~

149.16 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2022
 149.17 and thereafter.

149.18 Sec. 3. Minnesota Statutes 2020, section 477A.03, subdivision 2b, is amended to read:

149.19 Subd. 2b. **Counties.** (a) For aids payable in 2018 and 2019, the total aid payable under
 149.20 section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated
 149.21 as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020,
 149.22 the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which
 149.23 \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section
 149.24 6. For aids payable in 2021 through 2024, the total aid payable under section 477A.0124,
 149.25 subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under
 149.26 Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the
 149.27 total aid payable under section 477A.0124, subdivision 3, is \$115,795,000. ~~Each calendar~~
 149.28 ~~year~~ On or before the first installment date provided in section 477A.015, paragraph (a),
 149.29 \$500,000 of this appropriation shall be ~~retained~~ transferred each year by the commissioner
 149.30 of revenue to ~~make reimbursements to the commissioner of management and budget the~~
 149.31 ~~Board of Public Defense~~ for ~~payments made~~ the payment of services under section 611.27.
 149.32 The reimbursements shall be to defray the additional costs associated with court-ordered
 149.33 counsel under section 611.27. Any ~~retained~~ transferred amounts not used for reimbursement

150.1 ~~in a year~~ expended or encumbered in a fiscal year shall be certified by the board of public
150.2 defense to the commissioner of revenue on or before October 1 and shall be included in the
150.3 next distribution certification of county need aid that is certified to the county auditors for
150.4 the purpose of property tax reduction for the next taxes payable year.

150.5 (b) For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision
150.6 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124,
150.7 subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter, the total aid under
150.8 section 477A.0124, subdivision 4, is \$145,873,444. The commissioner of revenue shall
150.9 transfer to the commissioner of management and budget \$207,000 annually for the cost of
150.10 preparation of local impact notes as required by section 3.987, and other local government
150.11 activities. The commissioner of revenue shall transfer to the commissioner of education
150.12 \$7,000 annually for the cost of preparation of local impact notes for school districts as
150.13 required by section 3.987. The commissioner of revenue shall deduct the amounts transferred
150.14 under this paragraph from the appropriation under this paragraph. The amounts transferred
150.15 are appropriated to the commissioner of management and budget and the commissioner of
150.16 education respectively.

150.17 Sec. 4. **[477A.30] LOCAL HOMELESS PREVENTION AID.**

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

150.20 (1) "city" means a statutory or home rule charter city;

150.21 (2) "distribution factor" means the total number of students experiencing homelessness
150.22 in a county in the current year and the previous two years divided by the total number of
150.23 students experiencing homelessness in all counties in the current year and the previous two
150.24 years; and

150.25 (3) "families" means families and persons 24 years of age or younger.

150.26 Subd. 2. Purpose. The purpose of this section is to help local governments ensure no
150.27 child is homeless within a local jurisdiction by keeping families from losing housing and
150.28 helping those experiencing homelessness find housing.

150.29 Subd. 3. Distribution. The money appropriated to local homeless prevention aid under
150.30 this section must be allocated to counties by multiplying each county's distribution factor
150.31 by the total distribution available under this section. Distribution factors must be based on
150.32 the most recent counts of students experiencing homelessness in each county, as certified

151.1 by the commissioner of education to the commissioner of revenue by July 1 of the year the
 151.2 aid is certified to the counties under subdivision 5.

151.3 Subd. 4. Use of proceeds. (a) Counties that receive a distribution under this section must
 151.4 use the proceeds to fund new or existing family homeless prevention and assistance projects
 151.5 or programs. These projects or programs may be administered by a county, a group of
 151.6 contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting
 151.7 together, a Tribe, a group of Tribes, or a community-based nonprofit organization. Each
 151.8 project or program must include plans for:

151.9 (1) targeting families with children who are eligible for a prekindergarten through grade
 151.10 12 academic program and are:

151.11 (i) living in overcrowded conditions in their current housing;

151.12 (ii) paying more than 50 percent of their income for rent; or

151.13 (iii) lacking a fixed, regular, and adequate nighttime residence;

151.14 (2) targeting unaccompanied youth in need of an alternative residential setting;

151.15 (3) connecting families with the social services necessary to maintain the families'
 151.16 stability in their homes, including but not limited to housing navigation, legal representation,
 151.17 and family outreach; and

151.18 (4) one or more of the following:

151.19 (i) providing rental assistance for a specified period of time which may exceed 24 months;
 151.20 or

151.21 (ii) providing support and case management services to improve housing stability,
 151.22 including but not limited to housing navigation and family outreach.

151.23 (b) Counties may choose not to spend all or a portion of the distribution under this
 151.24 section. Any unspent funds must be returned to the commissioner of revenue by December
 151.25 31 of the year following the year that the aid was received. Any funds returned to the
 151.26 commissioner under this paragraph must be added to the overall distribution of aids certified
 151.27 under this section in the following year. Any unspent funds returned to the commissioner
 151.28 after the expiration under subdivision 8 are canceled to the general fund.

151.29 Subd. 5. Payments. The commissioner of revenue must compute the amount of local
 151.30 homeless prevention aid payable to each county under this section. On or before August 1
 151.31 of each year, the commissioner shall certify the amount to be paid to each county in the

152.1 following year. The commissioner shall pay local homeless prevention aid annually at the
152.2 times provided in section 477A.015.

152.3 Subd. 6. **Appropriation.** \$25,000,000 is annually appropriated from the general fund
152.4 to the commissioner of revenue to make payments required under this section.

152.5 Subd. 7. **Report.** (a) No later than January 15, 2024, the commissioner of revenue must
152.6 produce a report on projects and programs funded by counties under this section. The report
152.7 must include a list of the projects and programs, the number of people served by each, and
152.8 an assessment of how each project and program impacts people who are currently
152.9 experiencing homelessness or who are at risk of experiencing homelessness, as reported by
152.10 the counties to the commissioner. The commissioner must provide a copy of the report to
152.11 the chairs and ranking minority members of the legislative committees with jurisdiction
152.12 over property taxes and services for persons experiencing homelessness.

152.13 (b) The report in paragraph (a) must be updated every two years and the commissioner
152.14 of revenue must provide copies of the updated reports to the chairs and ranking minority
152.15 members of the legislative committees with jurisdiction over property taxes and services
152.16 for persons experiencing homelessness by January 15 of the year the report is due. Report
152.17 requirements under this subdivision expire following the report which includes the final
152.18 distribution preceding the expiration in subdivision 8.

152.19 Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2029
152.20 have been distributed.

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

152.23 Sec. 5. **COUNTY RELIEF GRANTS TO LOCAL BUSINESSES; APPROPRIATION.**

152.24 Subdivision 1. **Appropriation.** (a) \$69,750,000 in fiscal year 2022 is appropriated from
152.25 the general fund to the commissioner of revenue for payments to counties for relief grants
152.26 under this section. This is a onetime appropriation. The appropriation under this section
152.27 must be used for the following purposes:

152.28 (1) \$63,000,000 must be used for grants under subdivision 2;

152.29 (2) \$2,000,000 must be used for grants under subdivision 3; and

152.30 (3) \$4,750,000 must be used for grants under subdivision 4.

152.31 (b) Each county may use the greater of \$6,250 or 2.5 percent of the total amount received
152.32 under subdivisions 1 and 2 for administrative costs incurred from making grants under this

153.1 section. A county may contract with a third party to administer the grant program on behalf
153.2 of the county.

153.3 Subd. 2. **Business relief grants.** (a) From the amount appropriated under subdivision
153.4 1, paragraph (a), clause (1), each county shall be issued a payment in the amount of \$100,000
153.5 or a per capita amount determined by reference to the population of each county according
153.6 to the most recently available 2019 population estimate from the state demographer as of
153.7 December 1, 2020, whichever is greater.

153.8 (b) Counties shall use the funds under this subdivision to make grants to individual
153.9 businesses, nonprofits, and establishments operated by congressionally chartered veterans'
153.10 organizations that, to the extent it is feasible for the county to determine:

153.11 (1) are located in the applicable county in the state, in a county with which there is a
153.12 collaborative agreement under paragraph (g), or on adjacent Tribal land;

153.13 (2) have no current tax liens on record with the secretary of state as of the time of
153.14 application for a grant under this section; and

153.15 (3) were impacted by an executive order related to the COVID-19 pandemic.

153.16 (c) A county shall determine grant recipients and the grant amount awarded per grant.
153.17 A county may award a grant to a business that is owned by a Tribal government and located
153.18 on Tribal land if the business has voluntarily complied with Executive Order No. 20-99.
153.19 Nonprofits, including nonprofit arts organizations, museums, and fitness centers, that earn
153.20 revenue similar to businesses, including but not limited to ticket sales and membership fees,
153.21 are eligible for grants under this section.

153.22 (d) Grant funds must be used by an eligible business or nonprofit for operating expenses
153.23 incurred during the COVID-19 pandemic.

153.24 (e) Grants under this subdivision must be awarded by July 31, 2021.

153.25 (f) Grants and the process of making grants under this subdivision are exempt from the
153.26 following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3;
153.27 16B.97; and 16B.98, subdivisions 5, 7, and 8. A county opting to use a third party to
153.28 administer grants is exempt from Minnesota Statutes, section 471.345, in the selection of
153.29 the third-party administrator. The exemptions under this paragraph expire July 31, 2021.

153.30 (g) Two or more counties may enter into a collaborative agreement and combine payments
153.31 received under paragraph (a). These combined funds must be used to make grants as allowed
153.32 by this subdivision.

154.1 (h) By January 31, 2022, the commissioner of employment and economic development
154.2 shall report to the legislative committees with jurisdiction over economic development
154.3 policy and finance on the grants provided under this subdivision.

154.4 (i) Any amount from the appropriation in subdivision 1, paragraph (a), clause (1),
154.5 unexpended after August 15, 2021, is canceled.

154.6 Subd. 3. **Northwest Angle grants.** (a) Lake of the Woods County shall be issued a
154.7 payment equal to the amount appropriated under subdivision 1, paragraph (a), clause (2),
154.8 to make grants to individual businesses, nonprofits, and establishments operated by
154.9 congressionally chartered veterans' organizations that, to the extent it is feasible for the
154.10 county to determine:

154.11 (1) are located in Angle Township; and

154.12 (2) have no current tax liens on record with the secretary of state as of the time of
154.13 application for a grant under this section.

154.14 (b) The county shall determine grant recipients and the grant amount awarded per grant.

154.15 (c) Grants under this subdivision must be awarded by July 31, 2021.

154.16 (d) Grants and the process of making grants under this subdivision are exempt from the
154.17 following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3;
154.18 16B.97; and 16B.98, subdivisions 5, 7, and 8. A county opting to use a third party to
154.19 administer grants is exempt from Minnesota Statutes, section 471.345, in the selection of
154.20 the third-party administrator. The exemptions under this paragraph expire July 31, 2021.

154.21 (e) By January 31, 2022, the commissioner of employment and economic development
154.22 shall report to the legislative committees with jurisdiction over economic development
154.23 policy and finance on the grants provided under this subdivision.

154.24 (f) Any amount from the appropriation in subdivision 1, paragraph (a), clause (2),
154.25 unexpended after August 15, 2021, is canceled.

154.26 Subd. 4. **Damage remediation grants.** (a) Hennepin County shall be issued a payment
154.27 equal to the amount appropriated under subdivision 1, paragraph (a), clause (3), for grants
154.28 to remediate the effects of fires and vandalism that occurred due to the unrest in the city of
154.29 Minneapolis and surrounding communities after May 24, 2020, and before June 16, 2020.

154.30 (b) A grant recipient must use the money issued under this subdivision for remediation
154.31 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel
154.32 costs, reimbursement for equipment costs, and reimbursement for property tax abatements,

155.1 incurred by public or private entities as a result of the fires and vandalism. This appropriation
 155.2 under subdivision 1, paragraph (a), clause (3), is available until June 30, 2023.

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

155.4 **ARTICLE 9**

155.5 **LOCAL TAXES**

155.6 Section 1. Laws 2019, First Special Session chapter 6, article 6, section 25, is amended
 155.7 to read:

155.8 **Sec. 25. CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

155.9 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of
 155.10 law, ordinance, or city charter, the city council for the city of Plymouth may impose by
 155.11 ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under
 155.12 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under
 155.13 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this
 155.14 provision must not exceed six percent.

155.15 (b) Two-thirds of the revenue from the tax imposed under this section must be dedicated
 155.16 and used for capital improvements to public recreational facilities and marketing and
 155.17 promotion of the community, and the remaining one-third of the revenue must be used for
 155.18 the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

155.19 (c) The tax imposed under this authority terminates ~~at the earlier of: (1) ten years after~~
 155.20 ~~the tax is first imposed; or (2) December 31, 2030~~ when the city council determines that
 155.21 the amount received from the tax is sufficient to retire bonds issued before January 1, 2022,
 155.22 for capital improvements under paragraph (b), plus an amount sufficient to pay costs,
 155.23 including interest costs, related to the issuance of the bonds.

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

155.25 Sec. 2. Laws 2019, First Special Session chapter 6, article 6, section 27, is amended to
 155.26 read:

155.27 **Sec. 27. CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

155.28 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,
 155.29 section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved
 155.30 by voters at ~~the November 3, 2020, a general election,~~ or at a special election held before

156.1 ~~November 3, 2020~~ pursuant to a resolution adopted by its governing body, the city of Sartell
 156.2 may, by ordinance, impose a sales tax of up to 1-1/2 percent on the gross receipts of all food
 156.3 and beverages sold by a restaurant or place of refreshment, as defined by ordinance of the
 156.4 city, that is located within the city. For purposes of this section, "food and beverages" include
 156.5 retail on-sale of intoxicating liquor and fermented malt beverages.

156.6 **Subd. 2. Use of proceeds from authorized taxes.** The proceeds of the taxes imposed
 156.7 under subdivision 1 must be used by the city to fund capital or operational costs for new
 156.8 and existing recreational facilities and related amenities within the city. Authorized expenses
 156.9 include securing or paying debt service on bonds or other obligations issued to finance
 156.10 construction and improvement projects.

156.11 ~~Subd. 3. Termination of taxes. The tax imposed under subdivision 1 expires five years~~
 156.12 ~~after the tax is first imposed.~~

156.13 **Subd. 4. Collection, administration, and enforcement.** The city may enter into an
 156.14 agreement with the commissioner of revenue to administer, collect, and enforce the taxes
 156.15 under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota
 156.16 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and
 156.17 enforcement apply.

156.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 156.19 city of Sartell and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 156.20 subdivisions 2 and 3.

156.21 **Sec. 3. CARLTON COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

156.22 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 156.23 sections 297A.99, subdivision 2, paragraph (b), and 477A.016, or any other law or ordinance,
 156.24 and if approved by the voters at a general election as required under Minnesota Statutes,
 156.25 section 297A.99, subdivision 3, Carlton County may impose, by ordinance, a sales and use
 156.26 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
 156.27 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
 156.28 imposition, administration, collection, and enforcement of the tax authorized under this
 156.29 subdivision.

156.30 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
 156.31 under subdivision 1 must be used by Carlton County to pay the costs of collecting and
 156.32 administering the tax, and to finance up to \$60,000,000 for the construction of a new law
 156.33 enforcement center and jail serving a regional female offender program. Authorized costs

157.1 include related parking, design, construction, reconstruction, mechanical upgrades, and
157.2 engineering costs, as well as the associated bond costs for any bonds issued under subdivision
157.3 3.

157.4 Subd. 3. **Bonding authority.** (a) Carlton County may issue bonds under Minnesota
157.5 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
157.6 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
157.7 not exceed \$60,000,000, plus an amount applied to the payment of costs of issuing the
157.8 bonds. The bonds may be paid from or secured by any funds available to the county,
157.9 including the tax authorized under subdivision 1. The issuance of bonds under this
157.10 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

157.11 (b) The bonds are not included in computing any debt limitation applicable to the county.
157.12 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
157.13 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
157.14 under Minnesota Statutes, section 475.58, is not required.

157.15 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
157.16 earlier of: (1) 30 years after the tax is first imposed; or (2) when the county determines that
157.17 it has received from this tax \$60,000,000 to fund the project listed in subdivision 2, plus an
157.18 amount sufficient to pay costs, including interest costs, related to the issuance of the bonds
157.19 authorized in subdivision 3. Except as otherwise provided in Minnesota Statutes, section
157.20 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed
157.21 costs due to timing of the termination of the tax under Minnesota Statutes, section 297A.99,
157.22 subdivision 12, shall be placed in the county's general fund. The tax imposed under
157.23 subdivision 1 may expire at an earlier time if the county determines by ordinance.

157.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of
157.25 Carlton County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
157.26 subdivisions 2 and 3.

157.27 Sec. 4. **CITY OF CLOQUET; TAXES AUTHORIZED.**

157.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
157.29 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
157.30 and if approved by the voters at a general election as required under Minnesota Statutes,
157.31 section 297A.99, subdivision 3, the city of Cloquet may impose by ordinance a sales and
157.32 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
157.33 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
157.34 govern the imposition, administration, collection, and enforcement of the tax authorized

158.1 under this subdivision. The tax imposed under this subdivision is in addition to any local
158.2 sales and use tax imposed under any other special law.

158.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
158.4 under subdivision 1 must be used by the city of Cloquet to pay the costs of collecting and
158.5 administering the tax and the capital and administrative costs of any or all of the projects
158.6 listed in this subdivision. The amount spent on each project is limited to the amount set
158.7 forth below plus an amount equal to interest on and the costs of issuing any bonds:

158.8 (1) construction, reconstruction, expansion, or improvement related to the Pine Valley
158.9 Regional Park Project, including ski jump repairs, chalet replacement, and parking and
158.10 lighting improvements, in an amount not to exceed \$2,124,700; and

158.11 (2) restoration, repair, and upgrading of the Cloquet Ice Arena in an amount not to exceed
158.12 \$6,025,500.

158.13 Subd. 3. **Bonding authority.** (a) The city of Cloquet may issue bonds under Minnesota
158.14 Statutes, chapter 475, to finance up to \$8,150,200 of the portion of the costs of the facilities
158.15 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
158.16 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
158.17 issued under this subdivision may not exceed \$8,150,200 plus an amount to be applied to
158.18 the payment of the costs of issuing the bonds. The bonds may be paid from or secured by
158.19 any funds available to the city of Cloquet, including the tax authorized under subdivision
158.20 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections
158.21 275.60 and 275.61.

158.22 (b) The bonds are not included in computing any debt limitation applicable to the city
158.23 of Cloquet, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
158.24 and interest on the bonds is not subject to any levy limitation. A separate election to approve
158.25 the bonds under Minnesota Statutes, section 475.58, is not required.

158.26 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
158.27 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 10 years
158.28 after the tax is first imposed, or (2) when the city council determines that the amount received
158.29 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
158.30 projects approved by voters as required under Minnesota Statutes, section 297A.99,
158.31 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
158.32 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
158.33 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
158.34 any funds remaining after payment of the allowed costs due to the timing of the termination

159.1 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
159.2 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
159.3 if the city so determines by ordinance.

159.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
159.5 city of Cloquet and its chief clerical officer comply with Minnesota Statutes, section 645.021,
159.6 subdivisions 2 and 3.

159.7 **Sec. 5. CITY OF EDINA; TAXES AUTHORIZED.**

159.8 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
159.9 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
159.10 and if approved by the voters at a general election as required under Minnesota Statutes,
159.11 section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use
159.12 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
159.13 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
159.14 imposition, administration, collection, and enforcement of the tax authorized under this
159.15 subdivision. The tax imposed under this subdivision is in addition to any local sales and
159.16 use tax imposed under any other special law.

159.17 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
159.18 under subdivision 1 must be used by the city of Edina to pay the costs of collecting and
159.19 administering the tax and paying for the following projects in the city, including securing
159.20 and paying debt service on bonds issued to finance all or part of the following projects:

159.21 (1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park
159.22 as identified in the Fred Richards Park Master Plan; and

159.23 (2) \$21,600,000 plus associated bonding costs for improvements to Braemar Park as
159.24 identified in the Braemar Park Master Plan.

159.25 Subd. 3. **Bonding authority.** (a) The city of Edina may issue bonds under Minnesota
159.26 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
159.27 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
159.28 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
159.29 under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision
159.30 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;
159.31 and (2) \$21,600,000 for the project listed in subdivision 2, clause (2), plus an amount to be
159.32 applied to the payment of the costs of issuing the bonds. The bonds may be paid from or
159.33 secured by any funds available to the city of Edina, including the tax authorized under

160.1 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
160.2 Statutes, sections 275.60 and 275.61.

160.3 (b) The bonds are not included in computing any debt limitation applicable to the city
160.4 of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
160.5 and interest on the bonds is not subject to any levy limitation. A separate election to approve
160.6 the bonds under Minnesota Statutes, section 475.58, is not required.

160.7 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
160.8 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years
160.9 after the tax is first imposed, or (2) when the city council determines that the amount received
160.10 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
160.11 projects approved by voters as required under Minnesota Statutes, section 297A.99,
160.12 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
160.13 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
160.14 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
160.15 any funds remaining after payment of the allowed costs due to the timing of the termination
160.16 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the
160.17 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
160.18 if the city so determines by ordinance.

160.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
160.20 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,
160.21 subdivisions 2 and 3.

160.22 Sec. 6. **CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

160.23 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,
160.24 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
160.25 the city of Fergus Falls may, if approved by the voters at a general election as required under
160.26 Minnesota Statutes, section 297A.99, subdivision 3, impose, by ordinance, a sales and use
160.27 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
160.28 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
160.29 imposition, administration, collection, and enforcement of the tax authorized under this
160.30 subdivision. The tax imposed under this subdivision is in addition to any local sales and
160.31 use tax imposed under any other special law.

160.32 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
160.33 under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting

161.1 and administering the tax and for the following projects in the city, including securing and
 161.2 paying debt service, on bonds issued to finance all or part of the following projects:

161.3 (1) \$7,800,000 for an aquatics center; and

161.4 (2) \$5,200,000 for the DeLagoon Improvement Project.

161.5 Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under
 161.6 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
 161.7 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
 161.8 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
 161.9 issued under this subdivision may not exceed:

161.10 (1) \$7,800,000 for the project listed in subdivision 2, clause (1), plus an amount needed
 161.11 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
 161.12 the bonds; and

161.13 (2) \$5,200,000 for the project listed in subdivision 2, clause (2), plus an amount needed
 161.14 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
 161.15 the bonds.

161.16 (b) The bonds may be paid from or secured by any funds available to the city of Fergus
 161.17 Falls, including the tax authorized under subdivision 1. The issuance of bonds under this
 161.18 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

161.19 (c) The bonds are not included in computing any debt limitation applicable to the city
 161.20 of Fergus Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
 161.21 principal and interest on the bonds is not subject to any levy limitation. A separate election
 161.22 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

161.23 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
 161.24 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) December
 161.25 31, 2037, or (2) when the city council determines that the amount received from the tax is
 161.26 sufficient to pay for the project costs authorized under subdivision 2 for projects approved
 161.27 by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph
 161.28 (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized
 161.29 under subdivision 3, including interest on the bonds. Except as otherwise provided in
 161.30 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
 161.31 after payment of the allowed costs due to the timing of the termination of the tax under
 161.32 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of

162.1 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
162.2 determines by ordinance.

162.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
162.4 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section
162.5 645.021, subdivisions 2 and 3.

162.6 Sec. 7. **CITY OF GRAND RAPIDS; TAXES AUTHORIZED.**

162.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
162.8 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
162.9 and if approved by the voters at a general election as required under Minnesota Statutes,
162.10 section 297A.99, subdivision 3, the city of Grand Rapids may impose by ordinance a sales
162.11 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
162.12 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
162.13 govern the imposition, administration, collection, and enforcement of the tax authorized
162.14 under this subdivision.

162.15 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
162.16 under subdivision 1 must be used by the city of Grand Rapids to pay the costs of collecting
162.17 and administering the tax including securing and paying debt service on bonds issued and
162.18 to finance up to \$5,980,000 for reconstruction, remodeling, and upgrades to the Grand
162.19 Rapids IRA Civic Center. Authorized costs include design, construction, reconstruction,
162.20 mechanical upgrades, and engineering costs, as well as the associated bond costs for any
162.21 bonds issued under subdivision 3.

162.22 Subd. 3. **Bonding authority.** (a) The city of Grand Rapids may issue bonds under
162.23 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
162.24 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
162.25 subdivision may not exceed \$5,980,000, plus an amount to be applied to the payment of
162.26 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available
162.27 to the city of Grand Rapids, including the tax authorized under subdivision 1. The issuance
162.28 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
162.29 275.61.

162.30 (b) The bonds are not included in computing any debt limitation applicable to the city
162.31 of Grand Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
162.32 principal and interest on the bonds is not subject to any levy limitation. A separate election
162.33 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

163.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
163.2 earlier of: (1) seven years after the tax is first imposed; or (2) when the city council
163.3 determines that \$5,980,000, plus an amount sufficient to pay the costs related to issuance
163.4 of any bonds authorized under subdivision 3, including interest on the bonds, has been
163.5 received from the tax to pay the costs of the project authorized under subdivision 2, and
163.6 approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision
163.7 3. Any funds remaining after payment of all such costs and retirement or redemption of the
163.8 bonds shall be placed in the general fund of the city, except for funds required to be retained
163.9 in the state general fund under Minnesota Statutes, section 297A.99, subdivision 3. The tax
163.10 imposed under subdivision 1 may expire at an earlier time if the city so determines by
163.11 ordinance.

163.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
163.13 city of Grand Rapids and its chief clerical officer comply with Minnesota Statutes, section
163.14 645.021, subdivisions 2 and 3.

163.15 Sec. 8. **CITY OF HERMANTOWN; TAXES AUTHORIZED.**

163.16 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
163.17 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
163.18 and if approved by the voters at a general election as required under Minnesota Statutes,
163.19 section 297A.99, subdivision 3, the city of Hermantown may impose by ordinance a sales
163.20 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
163.21 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
163.22 govern the imposition, administration, collection, and enforcement of the tax authorized
163.23 under this subdivision. The tax imposed under this subdivision is in addition to any local
163.24 sales and use tax imposed under any other special law.

163.25 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
163.26 under subdivision 1 must be used by the city of Hermantown to pay the costs of collecting
163.27 and administering the tax and paying for the following projects in the city related to a
163.28 Community Recreational Initiative, including securing and paying debt service on bonds
163.29 issued to finance all or part of the following projects:

163.30 (1) \$7,840,000 for an addition of a second ice sheet with locker rooms and other facilities
163.31 and upgrades to the Hermantown Hockey Arena; and

163.32 (2) \$4,570,000 for construction of the Hermantown-Proctor trail running from the Essentia
163.33 Wellness Center to the border with Proctor and eventually connecting to the Munger Trail.

164.1 Subd. 3. **Bonding authority.** (a) The city of Hermantown may issue bonds under
164.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
164.3 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
164.4 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
164.5 issued under this subdivision may not exceed: (1) \$7,840,000 for the project listed in
164.6 subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing
164.7 the bonds; and (2) \$4,570,000 for the project listed in subdivision 2, clause (2), plus an
164.8 amount to be applied to the payment of the costs of issuing the bonds. The bonds may be
164.9 paid from or secured by any funds available to the city of Hermantown, including the tax
164.10 authorized under subdivision 1. The issuance of bonds under this subdivision is not subject
164.11 to Minnesota Statutes, sections 275.60 and 275.61.

164.12 (b) The bonds are not included in computing any debt limitation applicable to the city
164.13 of Hermantown, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
164.14 principal and interest on the bonds is not subject to any levy limitation. A separate election
164.15 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

164.16 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
164.17 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 16 years
164.18 after being first imposed, or (2) when the city council determines that the amount received
164.19 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
164.20 projects approved by voters as required under Minnesota Statutes, section 297A.99,
164.21 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
164.22 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
164.23 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
164.24 any funds remaining after payment of the allowed costs due to the timing of the termination
164.25 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
164.26 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
164.27 if the city so determines by ordinance.

164.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
164.29 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section
164.30 645.021, subdivisions 2 and 3.

164.31 Sec. 9. **ITASCA COUNTY; TAXES AUTHORIZED.**

164.32 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
164.33 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance and if approved
164.34 by the voters at a general election as required under Minnesota Statutes, section 297A.99,

165.1 subdivision 3, Itasca County may impose by ordinance a sales and use tax of one percent
165.2 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
165.3 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
165.4 collection, and enforcement of the tax authorized under this subdivision.

165.5 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
165.6 under subdivision 1 must be used by Itasca County to pay the costs of collecting and
165.7 administering the tax and paying for up to \$75,000,000 for new construction of or upgrades
165.8 to correctional facilities, new construction of or upgrades to court facilities including ancillary
165.9 support accommodations, and new construction of or upgrades to county offices, plus an
165.10 amount needed for securing and paying debt service on bonds issued for the project.

165.11 Subd. 3. **Bonding authority.** (a) Itasca County may issue bonds under Minnesota Statutes,
165.12 chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate
165.13 principal amount of bonds issued under this subdivision may not exceed \$75,000,000 for
165.14 the project listed in subdivision 2, plus an amount to be applied to the payment of the costs
165.15 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
165.16 county, including the tax authorized under subdivision 1. The issuance of bonds under this
165.17 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

165.18 (b) The bonds are not included in computing any debt limitation applicable to the county,
165.19 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
165.20 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
165.21 under Minnesota Statutes, section 475.58, is not required.

165.22 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
165.23 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years
165.24 after the tax is first imposed, or (2) when the county board determines that the amount
165.25 received from the tax is sufficient to pay \$75,000,000 in project costs authorized under
165.26 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
165.27 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided
165.28 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
165.29 after payment of the allowed costs due to the timing of the termination of the tax under
165.30 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
165.31 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county
165.32 so determines by ordinance.

166.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of Itasca
166.2 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
166.3 subdivisions 2 and 3.

166.4 Sec. 10. **CITY OF LITCHFIELD; TAXES AUTHORIZED.**

166.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
166.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
166.7 and if approved by the voters at a general election as required under Minnesota Statutes,
166.8 section 297A.99, subdivision 3, the city of Litchfield may impose by ordinance a sales and
166.9 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
166.10 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
166.11 govern the imposition, administration, collection, and enforcement of the tax authorized
166.12 under this subdivision.

166.13 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
166.14 under subdivision 1 must be used by the city of Litchfield to pay the costs of collecting and
166.15 administering the tax and for up to \$10,000,000 for the cost of constructing a community
166.16 wellness/recreation center that will include a gymnasium and general fitness spaces, a
166.17 dedicated walking section, a community room, and any locker rooms and mechanical
166.18 equipment needed for future additions to the facility.

166.19 Subd. 3. **Bonding authority.** (a) The city of Litchfield may issue bonds under Minnesota
166.20 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
166.21 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
166.22 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
166.23 under this subdivision may not exceed \$10,000,000 for the project listed in subdivision 2
166.24 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds
166.25 may be paid from or secured by any funds available to the city of Litchfield, including the
166.26 tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
166.27 subject to Minnesota Statutes, sections 275.60 and 275.61.

166.28 (b) The bonds are not included in computing any debt limitation applicable to the city
166.29 of Litchfield and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
166.30 and interest on the bonds is not subject to any levy limitation. A separate election to approve
166.31 the bonds under Minnesota Statutes, section 475.58, is not required.

166.32 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
166.33 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
166.34 after being first imposed, or (2) when the city council determines that the amount received

167.1 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
167.2 projects approved by voters as required under Minnesota Statutes, section 297A.99,
167.3 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
167.4 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
167.5 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
167.6 any funds remaining after payment of the allowed costs due to the timing of the termination
167.7 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
167.8 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
167.9 if the city so determines by ordinance.

167.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
167.11 city of Litchfield and its chief clerical officer comply with Minnesota Statutes, section
167.12 645.021, subdivisions 2 and 3.

167.13 **Sec. 11. CITY OF LITTLE FALLS; TAXES AUTHORIZED.**

167.14 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
167.15 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
167.16 and if approved by the voters at a general election as required under Minnesota Statutes,
167.17 section 297A.99, subdivision 3, the city of Little Falls may impose by ordinance a sales and
167.18 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
167.19 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
167.20 govern the imposition, administration, collection, and enforcement of the tax authorized
167.21 under this subdivision.

167.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
167.23 under subdivision 1 must be used by the city of Little Falls to pay the costs of collecting
167.24 and administering the tax and for up to \$17 million for the cost of constructing a community
167.25 recreational facility that includes a gymnasium with an indoor track, multipurpose rooms
167.26 for meeting and educational spaces, office and storage space, and outdoor recreational
167.27 facilities for aquatic recreation with a master plan to incorporate future additions to the
167.28 facility.

167.29 Subd. 3. **Bonding authority.** (a) The city of Little Falls may issue bonds under Minnesota
167.30 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
167.31 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
167.32 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
167.33 under this subdivision may not exceed \$17,000,000 for the project listed in subdivision 2
167.34 plus an amount needed to pay capitalized interest and an amount to be applied to the payment

168.1 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
168.2 available to the city of Little Falls, including the tax authorized under subdivision 1. The
168.3 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60
168.4 and 275.61.

168.5 (b) The bonds are not included in computing any debt limitation applicable to the city
168.6 of Little Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
168.7 principal and interest on the bonds is not subject to any levy limitation. A separate election
168.8 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

168.9 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
168.10 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years
168.11 after being first imposed, or (2) when the city council determines that the amount received
168.12 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
168.13 project if approved by voters as required under Minnesota Statutes, section 297A.99,
168.14 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
168.15 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
168.16 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
168.17 any funds remaining after payment of the allowed costs due to the timing of the termination
168.18 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
168.19 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
168.20 if the city so determines by ordinance.

168.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
168.22 city of Little Falls and its chief clerical officer comply with Minnesota Statutes, section
168.23 645.021, subdivisions 2 and 3.

168.24 Sec. 12. **CITY OF MAPLE GROVE; TAXES AUTHORIZED.**

168.25 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
168.26 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
168.27 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
168.28 the city of Maple Grove may impose by ordinance a sales and use tax of one-half of one
168.29 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
168.30 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
168.31 administration, collection, and enforcement of the tax authorized under this subdivision.
168.32 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
168.33 under any other special law.

169.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
169.2 under subdivision 1 must be used by the city of Maple Grove to pay the costs of collecting
169.3 and administering the tax, and to finance up to \$90,000,000 for the expansion and renovation
169.4 of the Maple Grove Community Center, plus an amount needed for securing and paying
169.5 debt service on bonds issued to finance the project.

169.6 Subd. 3. Bonding authority. (a) The city of Maple Grove may issue bonds under
169.7 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
169.8 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
169.9 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
169.10 issued under this subdivision may not exceed \$90,000,000, plus an amount applied to the
169.11 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any
169.12 funds available to the city, including the tax authorized under subdivision 1. The issuance
169.13 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
169.14 275.61.

169.15 (b) The bonds are not included in computing any debt limitation applicable to the city.
169.16 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
169.17 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
169.18 under Minnesota Statutes, section 475.58, is not required.

169.19 Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the
169.20 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
169.21 that the amount received from the tax is sufficient to pay for the project costs authorized
169.22 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
169.23 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
169.24 related to issuance of any bonds authorized under subdivision 3, including interest on the
169.25 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
169.26 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
169.27 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
169.28 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
169.29 at an earlier time if the city so determines by ordinance.

169.30 EFFECTIVE DATE. This section is effective the day after the governing body of the
169.31 city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section
169.32 645.021, subdivisions 2 and 3.

170.1 **Sec. 13. COUNTY OF MILLE LACS; TAXES AUTHORIZED.**

170.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
170.3 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
170.4 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Mille Lacs
170.5 County may impose by ordinance a sales and use tax of one-half of one percent for the
170.6 purposes specified in subdivision 2. Except as otherwise provided in this section, the
170.7 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
170.8 collection, and enforcement of the tax authorized under this subdivision.

170.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
170.10 under subdivision 1 must be used by Mille Lacs County to pay the costs of collecting and
170.11 administering the tax, and to finance up to \$10,000,000 for the construction of a public
170.12 works building in Mille Lacs County, plus an amount needed for securing and paying debt
170.13 service on bonds issued to finance the project.

170.14 **Subd. 3. Bonding authority.** (a) Mille Lacs County may issue bonds under Minnesota
170.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
170.16 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
170.17 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
170.18 under this subdivision may not exceed \$10,000,000, plus an amount applied to the payment
170.19 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
170.20 available to the county, including the tax authorized under subdivision 1. The issuance of
170.21 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
170.22 275.61.

170.23 (b) The bonds are not included in computing any debt limitation applicable to the county.
170.24 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
170.25 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
170.26 under Minnesota Statutes, section 475.58, is not required.

170.27 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the
170.28 earlier of: (1) eight years after the tax is first imposed; or (2) when the county board
170.29 determines that the amount received from the tax is sufficient to pay for the project costs
170.30 authorized under subdivision 2 for the project approved by voters as required under
170.31 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient
170.32 to pay the costs related to issuance of any bonds authorized under subdivision 3, including
170.33 interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99,
170.34 subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the

171.1 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision
171.2 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1
171.3 may expire at an earlier time if the county so determines by ordinance.

171.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of Mille
171.5 Lacs County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
171.6 subdivisions 2 and 3.

171.7 **Sec. 14. CITY OF MOORHEAD; TAXES AUTHORIZED.**

171.8 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
171.9 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
171.10 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
171.11 the city of Moorhead may impose by ordinance a sales and use tax of one-half of one percent
171.12 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
171.13 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
171.14 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
171.15 under this subdivision is in addition to any local sales and use tax imposed under any other
171.16 special law.

171.17 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
171.18 under subdivision 1 must be used by the city of Moorhead to pay the costs of collecting and
171.19 administering the tax, and to finance up to \$29,100,000 for the construction of a regional
171.20 library and community center in the city of Moorhead, plus an amount needed for securing
171.21 and paying debt service on bonds issued to finance the project.

171.22 Subd. 3. **Bonding authority.** (a) The city of Moorhead may issue bonds under Minnesota
171.23 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
171.24 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
171.25 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
171.26 under this subdivision may not exceed \$29,100,000, plus an amount applied to the payment
171.27 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
171.28 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
171.29 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

171.30 (b) The bonds are not included in computing any debt limitation applicable to the city.
171.31 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
171.32 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
171.33 under Minnesota Statutes, section 475.58, is not required.

172.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
172.2 earlier of: (1) 22 years after the tax is first imposed; or (2) when the city council determines
172.3 that the amount received from the tax is sufficient to pay for the project costs authorized
172.4 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
172.5 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
172.6 related to issuance of any bonds authorized under subdivision 3, including interest on the
172.7 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
172.8 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
172.9 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
172.10 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
172.11 at an earlier time if the city so determines by ordinance.

172.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
172.13 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section
172.14 645.021, subdivisions 2 and 3.

172.15 Sec. 15. **CITY OF OAKDALE; TAXES AUTHORIZED.**

172.16 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
172.17 section 477A.016, or any other ordinance or city charter, and if approved by the voters at
172.18 a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
172.19 the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent
172.20 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
172.21 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
172.22 collection, and enforcement of the tax authorized under this subdivision.

172.23 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
172.24 under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and
172.25 administering the tax and paying for the following projects in the city, including securing
172.26 and paying debt service on bonds issued to finance all or part of the following projects:

172.27 (1) \$22,000,000 plus associated bonding costs for construction of a new public works
172.28 facility; and

172.29 (2) \$15,000,000 plus associated bonding costs for expansion of the police department
172.30 facility.

172.31 Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota
172.32 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
172.33 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may

173.1 not exceed: (1) \$22,000,000 for the project listed in subdivision 2, clause (1), plus an amount
173.2 applied to the payment of costs of issuing the bonds; and (2) \$15,000,000 for the projects
173.3 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing
173.4 the bonds. The bonds may be paid from or secured by any funds available to the city of
173.5 Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under
173.6 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

173.7 (b) The bonds are not included in computing any debt limitation applicable to the city.
173.8 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
173.9 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
173.10 under Minnesota Statutes, section 475.58, is not required.

173.11 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
173.12 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
173.13 that the city has received from this tax \$37,000,000 to fund the projects listed in subdivision
173.14 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of
173.15 the bonds authorized in subdivision 3. Except as otherwise provided under Minnesota
173.16 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment
173.17 of the allowed costs due to timing of the termination under Minnesota Statutes, section
173.18 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1
173.19 may expire at an earlier time if the city so determines by ordinance.

173.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
173.21 city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021,
173.22 subdivisions 2 and 3.

173.23 Sec. 16. **CITY OF ST. CLOUD; TAXES AUTHORIZED.**

173.24 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
173.25 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
173.26 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
173.27 the city of St. Cloud may impose, by ordinance, a sales and use tax of one-half of one percent
173.28 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
173.29 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
173.30 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
173.31 under this subdivision is in addition to any local sales and use tax imposed under any other
173.32 special law.

173.33 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
173.34 under subdivision 1 must be used by the city of St. Cloud to pay the costs of collecting and

174.1 administering the tax, including securing and paying debt service on bonds issued, and to
174.2 finance up to \$21,100,000 plus associated bonding costs for expansion and improvement
174.3 of St. Cloud's Municipal Athletic Complex.

174.4 Subd. 3. **Bonding authority.** (a) The city of St. Cloud may issue bonds under Minnesota
174.5 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
174.6 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
174.7 not exceed \$21,100,000 plus an amount applied to the payment of costs of issuing the bonds.
174.8 The bonds may be paid from or secured by any funds available to the city of St. Cloud,
174.9 including the tax authorized under subdivision 1. The issuance of bonds under this
174.10 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

174.11 (b) The bonds are not included in computing any debt limitation applicable to the city.
174.12 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
174.13 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
174.14 under Minnesota Statutes, section 475.58, is not required.

174.15 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
174.16 earlier of: (1) five years after the tax is first imposed; or (2) when the city council determines
174.17 that the amount received from the tax is sufficient to pay for the project costs authorized
174.18 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
174.19 section 297A.99, subdivision 3, plus an amount sufficient to pay costs, including interest
174.20 costs, related to the issuance of the bonds authorized in subdivision 3. Any funds remaining
174.21 after payment of the allowed costs due to timing of the termination under Minnesota Statutes,
174.22 section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision
174.23 1 may expire at an earlier time if the city so determines by ordinance.

174.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
174.25 city of St. Cloud and its chief clerical officer comply with Minnesota Statutes, section
174.26 645.021, subdivisions 2 and 3.

174.27 Sec. 17. **CITY OF ST. PETER; TAXES AUTHORIZED.**

174.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
174.29 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
174.30 and if approved by the voters at a general election as required under Minnesota Statutes,
174.31 section 297A.99, subdivision 3, the city of St. Peter may impose by ordinance a sales and
174.32 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
174.33 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,

175.1 govern the imposition, administration, collection, and enforcement of the tax authorized
175.2 under this subdivision.

175.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
175.4 under subdivision 1 must be used by the city of St. Peter to pay the costs of collecting and
175.5 administering the tax and paying for up to \$9,121,000 for construction of a new fire station,
175.6 plus an amount needed for securing and paying debt service on bonds issued to finance the
175.7 project.

175.8 Subd. 3. **Bonding authority.** (a) The city of St. Peter may issue bonds under Minnesota
175.9 Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The
175.10 aggregate principal amount of bonds issued under this subdivision may not exceed \$9,121,000
175.11 for the project listed in subdivision 2, plus an amount to be applied to the payment of the
175.12 costs of issuing the bonds. The bonds may be paid from or secured by any funds available
175.13 to the city of St. Peter, including the tax authorized under subdivision 1. The issuance of
175.14 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
175.15 275.61.

175.16 (b) The bonds are not included in computing any debt limitation applicable to the city
175.17 of St. Peter; and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
175.18 and interest on the bonds is not subject to any levy limitation. A separate election to approve
175.19 the bonds under Minnesota Statutes, section 475.58, is not required.

175.20 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
175.21 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 40 years
175.22 after the tax is first imposed, or (2) when the city council determines that the amount received
175.23 from the tax is sufficient to pay for the \$9,121,000 in project costs authorized under
175.24 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
175.25 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided
175.26 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
175.27 after payment of the allowed costs due to the timing of the termination of the tax under
175.28 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
175.29 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
175.30 determines by ordinance.

175.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
175.32 city of St. Peter and its chief clerical officer comply with Minnesota Statutes, section 645.021,
175.33 subdivisions 2 and 3.

176.1 **Sec. 18. CITY OF WADENA; TAXES AUTHORIZED.**

176.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
176.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
176.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
176.5 the city of Wadena may impose, by ordinance, a sales and use tax of one-quarter of one
176.6 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
176.7 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
176.8 administration, collection, and enforcement of the tax authorized under this subdivision.

176.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
176.10 under subdivision 1 must be used by the city of Wadena to pay the costs of collecting and
176.11 administering the tax and to finance up to \$3,000,000, plus associated bonding costs including
176.12 securing and paying debt service on bonds issued, for the Wadena Library Rehabilitation
176.13 Project.

176.14 **Subd. 3. Bonding authority.** (a) The city of Wadena may issue bonds under Minnesota
176.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
176.16 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
176.17 not exceed \$3,000,000, plus an amount applied to the payment of costs of issuing the bonds.
176.18 The bonds may be paid from or secured by any funds available to the city of Wadena,
176.19 including the tax authorized under subdivision 1. The issuance of bonds under this
176.20 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

176.21 (b) The bonds are not included in computing any debt limitation applicable to the city.
176.22 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
176.23 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
176.24 under Minnesota Statutes, section 475.58, is not required.

176.25 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the
176.26 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
176.27 that the amount received from the tax is sufficient to pay for the project costs authorized
176.28 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
176.29 section 297A.99, subdivision 3, plus an amount sufficient to pay costs, including interest
176.30 costs, related to the issuance of the bonds authorized in subdivision 3. Any funds remaining
176.31 after payment of the allowed costs due to timing of the termination under Minnesota Statutes,
176.32 section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision
176.33 1 may expire at an earlier time if the city so determines by ordinance.

177.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
177.2 city of Wadena and its chief clerical officer comply with Minnesota Statutes, section 645.021,
177.3 subdivisions 2 and 3.

177.4 Sec. 19. **CITY OF WAITE PARK; TAXES AUTHORIZED.**

177.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
177.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
177.7 and if approved by the voters at a general election as required under Minnesota Statutes,
177.8 section 297A.99, subdivision 3, the city of Waite Park may impose by ordinance a sales
177.9 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
177.10 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
177.11 govern the imposition, administration, collection, and enforcement of the tax authorized
177.12 under this subdivision. The tax imposed under this subdivision is in addition to any local
177.13 sales and use tax imposed under any other special law.

177.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
177.15 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting
177.16 and administering the tax and for the following projects in the city, including securing and
177.17 paying debt service on bonds issued to finance all or part of the following projects:

177.18 (1) up to \$7,500,000 plus associated bonding costs for regional trail connections; and

177.19 (2) up to \$20,000,000 plus associated bonding costs for construction and equipping of
177.20 a public safety facility.

177.21 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota
177.22 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
177.23 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
177.24 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
177.25 under this subdivision may not exceed:

177.26 (1) \$7,500,000 for the project listed in subdivision 2, clause (1), plus an amount needed
177.27 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
177.28 the bonds; and

177.29 (2) \$20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed
177.30 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
177.31 the bonds.

178.1 The bonds may be paid from or secured by any funds available to the city of Waite Park,
 178.2 including the tax authorized under subdivision 1. The issuance of bonds under this
 178.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

178.4 (b) The bonds are not included in computing any debt limitation applicable to the city
 178.5 of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
 178.6 principal and interest on the bonds is not subject to any levy limitation. A separate election
 178.7 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

178.8 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
 178.9 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years
 178.10 after the tax is first imposed, or (2) when the city council determines that the amount received
 178.11 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
 178.12 projects approved by voters as required under Minnesota Statutes, section 297A.99,
 178.13 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
 178.14 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
 178.15 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
 178.16 any funds remaining after payment of the allowed costs due to the timing of the termination
 178.17 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
 178.18 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
 178.19 if the city so determines by ordinance.

178.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 178.21 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section
 178.22 645.021, subdivisions 2 and 3.

178.23 **ARTICLE 10**

178.24 **TAX INCREMENT FINANCING**

178.25 Section 1. Minnesota Statutes 2020, section 469.176, is amended by adding a subdivision
 178.26 to read:

178.27 Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other
 178.28 provision of this section or any other law to the contrary, except the requirements to pay
 178.29 bonds to which increments are pledged, the authority may elect by resolution to transfer
 178.30 unobligated increments from a district either (1) to the municipality for deposit into the
 178.31 municipality's general fund upon the request of the municipality, or (2) to provide
 178.32 improvements, loans, interest rate subsidies, or assistance in any form to businesses impacted
 178.33 by COVID-19. The authority may transfer increments under this subdivision after the

179.1 spending plan and public hearing requirements under paragraph (c) are met. The municipality
179.2 may expend transferred increments under clause (1) for any purpose permitted under the
179.3 municipality's general fund.

179.4 (b) For each calendar year for which transfers are permitted under this subdivision, the
179.5 maximum transfer equals the excess of the district's unobligated increments which includes
179.6 any increment not required for payments of obligations due during the six months following
179.7 the transfer on outstanding bonds, binding contracts, and other outstanding financial
179.8 obligations of the district to which the district's increments are pledged.

179.9 (c) The authority may transfer increments permitted under this subdivision after creating
179.10 a written spending plan that authorizes the authority to take the action described in paragraph
179.11 (a) and details the use of transferred increments. Additionally, the municipality must approve
179.12 the authority's spending plan after holding a public hearing. The municipality must publish
179.13 notice of the hearing in a newspaper of general circulation in the municipality and on the
179.14 municipality's public website at least ten days, but not more than 30 days, prior to the date
179.15 of the hearing.

179.16 (d) Increment that is improperly retained, received, spent, or transferred is not eligible
179.17 for a transfer under this subdivision.

179.18 (e) An authority making a transfer under this subdivision must provide to the Office of
179.19 the State Auditor a copy of the spending plan approved and signed by the municipality.

179.20 (f) The authority to transfer increments under this subdivision expires on December 31,
179.21 2022. All transferred increments must be spent by December 31, 2022. If the municipality
179.22 cannot spend the transferred increments by December 31, 2022, the municipality must adopt
179.23 a spending plan that details the use of transferred increments, and must provide a copy of
179.24 this spending plan to the Office of the State Auditor.

179.25 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
179.26 final enactment and applies to increments from any district that are unobligated as of the
179.27 date of final enactment regardless of when the authority made a request for certification.

179.28 Sec. 2. Minnesota Statutes 2020, section 469.1763, subdivision 2, is amended to read:

179.29 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,
179.30 an amount equal to at least 75 percent of the total revenue derived from tax increments paid
179.31 by properties in the district must be expended on activities in the district or to pay bonds,
179.32 to the extent that the proceeds of the bonds were used to finance activities in the district or
179.33 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other

180.1 than redevelopment districts for which the request for certification was made after June 30,
180.2 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not
180.3 more than 25 percent of the total revenue derived from tax increments paid by properties
180.4 in the district may be expended, through a development fund or otherwise, on activities
180.5 outside of the district but within the defined geographic area of the project except to pay,
180.6 or secure payment of, debt service on credit enhanced bonds. For districts, other than
180.7 redevelopment districts for which the request for certification was made after June 30, 1995,
180.8 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues
180.9 derived from tax increments paid by properties in the district that are expended on costs
180.10 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating
180.11 the percentages that must be expended within and without the district.

180.12 (b) In the case of a housing district, ~~a housing project, as defined in section 469.174,~~
180.13 ~~subdivision 11, is an activity in the district.~~ the following are considered to be activities in
180.14 the district:

180.15 (1) a housing project, as defined in section 469.174, subdivision 11; and

180.16 (2) a transfer of increments to an affordable housing trust fund established pursuant to
180.17 section 462C.16, for expenditures made in conformity with the political subdivision's
180.18 ordinance and policy establishing the trust fund. Any transfers made pursuant to this clause
180.19 are not subject to the annual reporting requirements imposed by section 469.175, subdivision
180.20 6, except that the amount of any transfer must be reported.

180.21 (c) All administrative expenses are for activities outside of the district, except that if the
180.22 only expenses for activities outside of the district under this subdivision are for the purposes
180.23 described in paragraph (d), administrative expenses will be considered as expenditures for
180.24 activities in the district.

180.25 (d) The authority may elect, in the tax increment financing plan for the district, to increase
180.26 by up to ~~ten~~ 25 percentage points the permitted amount of expenditures for activities located
180.27 outside the geographic area of the district under paragraph (a). As permitted by section
180.28 469.176, subdivision 4k, the expenditures, including the permitted expenditures under
180.29 paragraph (a), need not be made within the geographic area of the project. Expenditures
180.30 that meet the requirements of this paragraph are legally permitted expenditures of the district,
180.31 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase
180.32 under this paragraph, the expenditures must:

181.1 (1) be used ~~exclusively~~ to assist housing that meets the requirement for a qualified
181.2 low-income building, as that term is used in section 42 of the Internal Revenue Code, or to
181.3 assist owner-occupied housing that meets the requirements of section 469.1761; and

181.4 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the
181.5 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal
181.6 Revenue Code; and

181.7 (3) be used to:

181.8 (i) acquire and prepare the site of the housing;

181.9 (ii) acquire, construct, or rehabilitate the housing; or

181.10 (iii) make public improvements directly related to the housing; or

181.11 (4) be used to develop housing:

181.12 (i) if the market value of the housing does not exceed the lesser of:

181.13 (A) 150 percent of the average market value of single-family homes in that municipality;

181.14 or

181.15 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section
181.16 473.121, or \$125,000 for all other municipalities; and

181.17 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition
181.18 of existing structures, site preparation, and pollution abatement on one or more parcels, if
181.19 the parcel contains a residence containing one to four family dwelling units that has been
181.20 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision
181.21 7, but without regard to whether the residence is the owner's principal residence, and only
181.22 after the redemption period has expired.

181.23 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.

181.24 Increments may continue to be expended under this authority after that date, if they are used
181.25 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if
181.26 December 31, 2016, is considered to be the last date of the five-year period after certification
181.27 under that provision.

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

182.1 Sec. 3. Minnesota Statutes 2020, section 469.1763, subdivision 3, is amended to read:

182.2 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties
182.3 in the district are considered to have been expended on an activity within the district under
182.4 subdivision 2 only if one of the following occurs:

182.5 (1) before or within five years after certification of the district, the revenues are actually
182.6 paid to a third party with respect to the activity;

182.7 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
182.8 sold to a third party before or within five years after certification, the revenues are spent to
182.9 repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably
182.10 expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable
182.11 temporary period within the meaning of the use of that term under section 148(c)(1) of the
182.12 Internal Revenue Code, or are deposited in a reasonably required reserve or replacement
182.13 fund;

182.14 (3) binding contracts with a third party are entered into for performance of the activity
182.15 before or within five years after certification of the district and the revenues are spent under
182.16 the contractual obligation;

182.17 (4) costs with respect to the activity are paid before or within five years after certification
182.18 of the district and the revenues are spent to reimburse a party for payment of the costs,
182.19 including interest on unreimbursed costs; or

182.20 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs
182.21 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision
182.22 2, paragraph (e).

182.23 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the
182.24 original refunded bonds meet the requirements of paragraph (a), clause (2).

182.25 (c) For a redevelopment district or a renewal and renovation district certified after June
182.26 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are
182.27 extended to ten years after certification of the district. For a redevelopment district certified
182.28 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph
182.29 (a) are extended to eight years after certification of the district. This extension is provided
182.30 primarily to accommodate delays in development activities due to unanticipated economic
182.31 circumstances.

182.32 (d) For a redevelopment district that was certified after December 31, 2017, the five-year
182.33 periods described in paragraph (a) are extended to ten years after certification of the district.

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

183.2 Sec. 4. Minnesota Statutes 2020, section 469.1763, subdivision 4, is amended to read:

183.3 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the sixth
183.4 year following certification of the district, or beginning with the 11th year following
183.5 certification of the district for districts whose five-year rule is extended to ten years under
183.6 subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived
183.7 from tax increments paid by properties in the district exceeds the amount of expenditures
183.8 that have been made for costs permitted under subdivision 3, an amount equal to the
183.9 difference between the in-district percent of the revenues derived from tax increments paid
183.10 by properties in the district and the amount of expenditures that have been made for costs
183.11 permitted under subdivision 3 must be used and only used to pay or defease the following
183.12 or be set aside to pay the following:

183.13 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

183.14 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

183.15 (3) credit enhanced bonds to which the revenues derived from tax increments are pledged,
183.16 but only to the extent that revenues of the district for which the credit enhanced bonds were
183.17 issued are insufficient to pay the bonds and to the extent that the increments from the
183.18 applicable pooling percent share for the district are insufficient; or

183.19 (4) the amount provided by the tax increment financing plan to be paid under subdivision
183.20 2, paragraphs (b), (d), and (e).

183.21 (b) The district must be decertified and the pledge of tax increment discharged when
183.22 the outstanding bonds have been defeased and when sufficient money has been set aside to
183.23 pay, based on the increment to be collected through the end of the calendar year, the following
183.24 amounts:

183.25 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and
183.26 (4);

183.27 (2) the amount specified in the tax increment financing plan for activities qualifying
183.28 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds
183.29 qualifying under paragraph (a), clause (1); and

183.30 (3) the additional expenditures permitted by the tax increment financing plan for housing
183.31 activities under an election under subdivision 2, paragraph (d), that have not been funded
183.32 with the proceeds of bonds qualifying under paragraph (a), clause (1).

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

184.2 Sec. 5. **CITY OF BLOOMINGTON; TIF AUTHORITY; AMERICAN BOULEVARD.**

184.3 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision
184.4 2, the housing and redevelopment authority of the city of Bloomington or the city of
184.5 Bloomington may establish a redevelopment district within the city of Bloomington, limited
184.6 to the following parcels, identified by tax identification numbers, together with adjacent
184.7 roads and rights-of-way: 04-027-24-11-0032, 04-027-24-11-0033, and 04-027-24-11-0034.

184.8 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
184.9 district under this section, the following special rules apply:

184.10 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
184.11 subdivision 10;

184.12 (2) expenditures incurred in connection with the development of the property described
184.13 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision
184.14 4j; and

184.15 (3) increments generated from the district may be expended on undergrounding or
184.16 overhead power lines, transformers, and related utility infrastructure within the project area
184.17 and all such expenditures are deemed expended on activities within the district for purposes
184.18 of Minnesota Statutes, section 469.1763.

184.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
184.20 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
184.21 Statutes, section 645.021, subdivisions 2 and 3.

184.22 Sec. 6. **CITY OF BLOOMINGTON; TIF AUTHORITY; 98TH & ALDRICH.**

184.23 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision
184.24 2, the housing and redevelopment authority of the city of Bloomington or the city of
184.25 Bloomington may establish a redevelopment district within the city of Bloomington, limited
184.26 to the following parcels, identified by tax identification numbers, together with adjacent
184.27 roads and rights-of-way: 16-027-24-41-0010, 16-027-24-41-0011, and 16-027-24-41-0012.

184.28 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
184.29 district under this section, the following special rules apply:

184.30 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
184.31 subdivision 10; and

185.1 (2) expenditures incurred in connection with the development of the property described
 185.2 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision
 185.3 4j.

185.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 185.5 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
 185.6 Statutes, section 645.021, subdivisions 2 and 3.

185.7 Sec. 7. **CITY OF BURNSVILLE; TIF AUTHORITY.**

185.8 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
 185.9 economic development authority of the city of Burnsville or the city of Burnsville may
 185.10 establish one or more redevelopment districts located wholly within the area of the city of
 185.11 Burnsville, Dakota County, Minnesota, limited to the parcels comprising the Burnsville
 185.12 Center mall together with adjacent roads and rights-of-way.

185.13 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
 185.14 district under this section, the following special rules apply:

185.15 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 185.16 469.174, subdivision 10;

185.17 (2) expenditures incurred in connection with the development of the property described
 185.18 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
 185.19 subdivision 4j; and

185.20 (3) increments generated from the districts may be expended for the construction and
 185.21 acquisition of property for a bridge, tunnel, or other connector from the property described
 185.22 in subdivision 1 across adjacent roads and rights-of-way and all such expenditures are
 185.23 deemed expended on activities within the district for purposes of Minnesota Statutes, section
 185.24 469.1763.

185.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 185.26 city of Burnsville and its chief clerical officer comply with the requirements of Minnesota
 185.27 Statutes, section 645.021, subdivisions 2 and 3.

185.28 Sec. 8. **CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL**
 185.29 **RULES.**

185.30 Subdivision 1. **Housing program uses.** Notwithstanding Minnesota Statutes, section
 185.31 469.176, subdivision 4j, or 469.1763, subdivision 2, or any law to the contrary, the governing
 185.32 body of the city of Fridley or its development authority may elect to spend tax increments

186.1 from Tax Increment Financing District No. 20 on housing programs outside of the district.

186.2 The authorized housing programs include but are not limited to:

186.3 (1) the revolving rehab loan program;

186.4 (2) the multifamily improvement loan program;

186.5 (3) the mobile home improvement loan program;

186.6 (4) the last resort emergency deferred loan program;

186.7 (5) the senior deferred loan program;

186.8 (6) the down payment assistance loan program;

186.9 (7) the residential major project grant program;

186.10 (8) the residential paint rebate grant program; and

186.11 (9) the front door grant program.

186.12 Subd. 2. **Decertification.** The five-year rule under Minnesota Statutes, section 469.1763,

186.13 subdivision 3, and the use of revenues for decertification in Minnesota Statutes, section

186.14 469.1763, subdivision 4, do not apply to Tax Increment Financing District No. 20.

186.15 Subd. 3. **Expiration.** The authority to make the election under this section expires

186.16 December 31, 2023.

186.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the

186.18 city of Fridley and its chief clerical officer comply with Minnesota Statutes, section 645.021,

186.19 subdivisions 2 and 3.

186.20 Sec. 9. **CITY OF MINNETONKA; USE OF INCREMENT AUTHORIZED.**

186.21 (a) Notwithstanding Minnesota Statutes, section 469.1763, or any law to the contrary,

186.22 tax increments from any redevelopment tax increment financing district in the city of

186.23 Minnetonka may be used to assist affordable housing development that meets the

186.24 requirements of Minnesota Statutes, section 469.1761, subdivision 2 or 3.

186.25 (b) The city of Minnetonka, or its economic development authority, is authorized to

186.26 transfer tax increments from tax increment districts in the city of Minnetonka to the affordable

186.27 housing trust fund established by the city of Minnetonka pursuant to Minnesota Statutes,

186.28 section 462C.16, for expenditures made in conformity with the city ordinance establishing

186.29 the trust fund. Transfers made pursuant to this paragraph are in addition to tax increment

186.30 expenditures under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d). Any

186.31 transfers made pursuant to this paragraph are not subject to the annual reporting requirements

187.1 imposed by Minnesota Statutes, section 469.175, subdivision 6, except that the amount of
187.2 any transfer must be reported.

187.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
187.4 city of Minnetonka and its chief clerical officer comply with the requirements of Minnesota
187.5 Statutes, section 645.021, subdivisions 2 and 3.

187.6 Sec. 10. **CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE**
187.7 **EXTENSION.**

187.8 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
187.9 must be undertaken within a five-year period from the date of certification of a tax increment
187.10 financing district, is extended by a five-year period for Tax Increment Financing District
187.11 No. 1-8, administered by the city of Mountain Lake or its economic development authority.

187.12 (b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to
187.13 the use of increment after the expiration of the five-year period in Minnesota Statutes,
187.14 section 469.1763, subdivision 3, is extended to the district's 11th year.

187.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
187.16 city of Mountain Lake and its chief clerical officer comply with Minnesota Statutes, section
187.17 645.021, subdivisions 2 and 3.

187.18 Sec. 11. **CITY OF RICHFIELD; USE OF TAX INCREMENT AUTHORIZED.**

187.19 (a) Notwithstanding Minnesota Statutes, section 469.1763, or any law to the contrary,
187.20 tax increments from any tax increment financing district in the city of Richfield may be
187.21 used to assist affordable housing development that meets the requirements of Minnesota
187.22 Statutes, section 469.1761, subdivision 2 or 3.

187.23 (b) The city of Richfield, or its housing and redevelopment authority, is authorized to
187.24 transfer up to 15 percent of tax increments from redevelopment tax increment districts in
187.25 the city of Richfield, including amounts previously accumulated, to the Affordable Housing
187.26 Trust Fund established by the city of Richfield pursuant to Minnesota Statutes, section
187.27 462C.16, for expenditures made in conformity with the city ordinance establishing the trust
187.28 fund. Transfers made pursuant to this paragraph are in addition to tax increment expenditures
187.29 under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d). Any transfers
187.30 made pursuant to this paragraph are not subject to the annual reporting requirements imposed
187.31 by Minnesota Statutes, section 469.175, subdivision 6, except that the amount of any transfer
187.32 must be reported.

188.1 (c) The authority to make transfers of tax increments pursuant to this section expires
188.2 December 31, 2030.

188.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
188.4 city of Richfield and its chief clerical officer comply with the requirements of Minnesota
188.5 Statutes, section 645.021, subdivisions 2 and 3.

188.6 **Sec. 12. CITY OF ST. LOUIS PARK; USE OF INCREMENT AUTHORIZED.**

188.7 (a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d),
188.8 or any law to the contrary, tax increment from any district for which the economic
188.9 development authority of St. Louis Park has elected to increase the permitted amount of
188.10 expenditures for activities located outside the district's area, as allowed by Minnesota
188.11 Statutes, section 469.1763, subdivision 2, paragraph (d), clause (1), must be used exclusively
188.12 to assist housing development that meets either the requirements of Minnesota Statutes,
188.13 section 469.1761, subdivision 2, or Minnesota Statutes, section 469.1763, subdivision 2,
188.14 paragraph (d), clauses (1) to (3).

188.15 (b) The economic development authority of St. Louis Park is authorized to make
188.16 permanent transfers of tax increments accumulated for housing development pursuant to
188.17 either Minnesota Statutes, section 469.1763, subdivision 2, paragraph (b) or (d), from the
188.18 tax increment accounts to the Affordable Housing Trust Fund established by the city of St.
188.19 Louis Park pursuant to Minnesota Statutes, section 462C.16, for expenditures made in
188.20 conformity with the city ordinance and policy establishing such trust fund. Any transfers
188.21 made pursuant to this paragraph are not subject to the annual reporting requirements imposed
188.22 by Minnesota Statutes, section 469.175, subdivision 6, except that the amount of any transfer
188.23 must be reported.

188.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
188.25 city of St. Louis Park and its chief clerical officer comply with the requirements of Minnesota
188.26 Statutes, section 645.021, subdivisions 2 and 3.

188.27 **Sec. 13. CITY OF WAYZATA; TIF DISTRICT NO. 6.**

188.28 Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, the city of Wayzata
188.29 may expend increments generated from Tax Increment Financing District No. 6 for the
188.30 design and construction of the lakefront pedestrian walkway and community transient lake
188.31 public access infrastructure related to the Panoway on Wayzata Bay project, and all such
188.32 expenditures are deemed expended on activities within the district.

189.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 189.2 city of Wayzata and its chief clerical officer comply with the requirements of Minnesota
 189.3 Statutes, section 645.021, subdivisions 2 and 3.

189.4 **Sec. 14. CITY OF WINDOM; TIF DISTRICT 1-22; FIVE-YEAR RULE EXTENDED.**

189.5 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
 189.6 must be undertaken within a five-year period from the date of certification of a tax increment
 189.7 financing district, is considered to be met for Tax Increment Financing District 1-22,
 189.8 administered by the city of Windom or its economic development authority, if activities are
 189.9 undertaken within ten years of the district's certification.

189.10 (b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to
 189.11 the use of increment after the expiration of the five-year period in Minnesota Statutes,
 189.12 section 469.1763, subdivision 3, is extended to the district's 11th year.

189.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 189.14 city of Windom and its chief clerical officer comply with Minnesota Statutes, section
 189.15 645.021, subdivisions 2 and 3.

189.16 **Sec. 15. CITY OF WINDOM; TIF DISTRICT 1-22; DURATION EXTENSION.**

189.17 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law
 189.18 to the contrary, the city of Windom or its economic development authority may elect to
 189.19 extend the duration limit of Tax Increment Financing District 1-22 by five years.

189.20 **EFFECTIVE DATE.** This section is effective upon compliance by the city of Windom,
 189.21 Cottonwood County, and Independent School District No. 177 with the requirements of
 189.22 Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

189.23 **ARTICLE 11**
 189.24 **PUBLIC FINANCE**

189.25 Section 1. Minnesota Statutes 2020, section 297A.993, subdivision 2, is amended to read:

189.26 **Subd. 2. Allocation; termination.** The proceeds of the taxes must be dedicated
 189.27 exclusively to: (1) payment of the capital cost of a specific transportation project or
 189.28 improvement; (2) payment of the costs, which may include both capital and operating costs,
 189.29 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes
 189.30 to school program under section 174.40; ~~or~~ (4) payment of transit operating costs; or (5)
 189.31 payment of the capital cost of constructing buildings and other facilities for maintaining

190.1 transportation or transit projects or improvements. The transportation or transit project or
 190.2 improvement must be designated by the board of the county, or more than one county acting
 190.3 under a joint powers agreement. Except for taxes for operating costs of a transit project or
 190.4 improvement, or for transit operations, the taxes must terminate when revenues raised are
 190.5 sufficient to finance the project. Nothing in this subdivision prohibits the exclusive dedication
 190.6 of the proceeds of the taxes to payments for more than one project or improvement. After
 190.7 a public hearing a county may, by resolution, dedicate the proceeds of the tax for a new
 190.8 enumerated project.

190.9 Sec. 2. Minnesota Statutes 2020, section 453A.04, subdivision 21, is amended to read:

190.10 Subd. 21. ~~All other powers~~ Exercising powers of a municipal power agency. ~~It may~~
 190.11 ~~exercise all other powers not inconsistent with the Constitution of the state of Minnesota~~
 190.12 ~~or the United States Constitution, which powers may be reasonably necessary or appropriate~~
 190.13 ~~for or incidental to the effectuation of its authorized purposes or to the exercise of any of~~
 190.14 ~~the powers enumerated in this section, and generally may exercise in connection with its~~
 190.15 ~~property and affairs, and in connection with property within its control, any and all powers~~
 190.16 ~~which might be exercised by a natural person or a private corporation in connection with~~
 190.17 ~~similar property and affairs.~~ It may exercise the powers of a municipal power agency under
 190.18 chapter 453, for the limited purpose of engaging in tax-exempt prepayments and related
 190.19 transactions as described in section 148(b)(4) of the Internal Revenue Code of 1986, as
 190.20 amended, and the Code of Federal Regulations, title 26, part 1, section 1.148-1(e)(2)(iii),
 190.21 both as may be amended from time to time, or as may otherwise be authorized by statute
 190.22 or the Commissioner of Internal Revenue.

190.23 Sec. 3. Minnesota Statutes 2020, section 453A.04, is amended by adding a subdivision to
 190.24 read:

190.25 Subd. 22. All other powers. It may exercise all other powers not inconsistent with the
 190.26 Constitution of the state of Minnesota or the United States Constitution, which powers may
 190.27 be reasonably necessary or appropriate for or incidental to the effectuation of its authorized
 190.28 purposes or to the exercise of any of the powers enumerated in this section, and generally
 190.29 may exercise in connection with its property and affairs, and in connection with property
 190.30 within its control, any and all powers which might be exercised by a natural person or a
 190.31 private corporation in connection with similar property and affairs.

191.1 Sec. 4. Minnesota Statutes 2020, section 465.71, is amended to read:

191.2 **465.71 INSTALLMENT, LEASE PURCHASE; CITY, COUNTY, TOWN,**
 191.3 **SCHOOL.**

191.4 A home rule charter city, statutory city, county, town, or school district may purchase
 191.5 personal property under an installment contract, or lease real or personal property with an
 191.6 option to purchase under a lease-purchase agreement, by which contract or agreement title
 191.7 is retained by the seller or vendor or assigned to a third party as security for the purchase
 191.8 price, including interest, if any, but such purchases are subject to statutory and charter
 191.9 provisions applicable to the purchase of real or personal property. For purposes of the bid
 191.10 requirements contained in section 471.345, "the amount of the contract" shall include the
 191.11 total of all lease payments for the entire term of the lease under a lease-purchase agreement.
 191.12 The obligation created by an installment contract or a lease-purchase agreement for personal
 191.13 property, ~~or an installment contract or a lease-purchase agreement~~ for real property if the
 191.14 amount of the contract for purchase of the real property is less than \$1,000,000, shall not
 191.15 be included in the calculation of net debt for purposes of section 475.53, and shall not
 191.16 constitute debt under any other statutory provision. No election shall be required in
 191.17 connection with the execution of an installment contract or a lease-purchase agreement
 191.18 authorized by this section. The city, county, town, or school district must have the right to
 191.19 terminate a lease-purchase agreement at the end of any fiscal year during its term.

191.20 Sec. 5. Minnesota Statutes 2020, section 475.56, is amended to read:

191.21 **475.56 INTEREST RATE.**

191.22 (a) Any municipality issuing obligations under any law may issue obligations bearing
 191.23 interest at a single rate or at rates varying from year to year which may be lower or higher
 191.24 in later years than in earlier years. ~~Such higher rate for any period prior to maturity may be~~
 191.25 ~~represented in part by separate coupons designated as additional coupons, extra coupons,~~
 191.26 ~~or B coupons, but the~~ The highest aggregate rate of interest contracted to be so paid for any
 191.27 period shall not exceed the maximum rate authorized by law. ~~Such higher rate may also be~~
 191.28 ~~represented in part by the issuance of additional obligations of the same series, over and~~
 191.29 ~~above but not exceeding two percent of the amount otherwise authorized to be issued, and~~
 191.30 ~~the amount of such additional obligations shall not be included in the amount required by~~
 191.31 ~~section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price~~
 191.32 ~~required by section 475.60 or any other law to be paid; but if the principal amount of the~~
 191.33 ~~entire series exceeds its cash sale price, such excess shall not, when added to the total amount~~
 191.34 ~~of interest payable on all obligations of the series to their stated maturity dates, cause and~~

192.1 the average annual rate of such interest ~~to~~ may not exceed the maximum rate authorized by
192.2 law. This section does not authorize a provision in any such obligations for the payment of
192.3 a higher rate of interest after maturity than before.

192.4 (b) Any municipality issuing obligations under any law may sell original issue discount
192.5 or premium obligations having a stated principal amount in excess of the authorized amount
192.6 and the sale price, provided that: To determine the average annual rate of interest on the
192.7 obligations, any discount shall be added to, and any premium subtracted from, the total
192.8 amount of interest on the obligations to their stated maturity dates.

192.9 ~~(1) the sale price does not exceed by more than two percent the amount of obligations~~
192.10 ~~otherwise authorized to be issued;~~

192.11 ~~(2) the underwriting fee, discount, or other sales or underwriting commission does not~~
192.12 ~~exceed two percent of the sale price; and~~

192.13 ~~(3) the discount rate necessary to present value total principal and interest payments~~
192.14 ~~over the term of the issue to the sale price does not exceed the lesser of the maximum rate~~
192.15 ~~permitted by law for municipal obligations or ten percent.~~

192.16 (c) Any obligation may bear interest at a rate varying periodically at the time or times
192.17 and on the terms, including convertibility to a fixed rate of interest, determined by the
192.18 governing body of the municipality, but the rate of interest for any period shall not exceed
192.19 any maximum rate of interest for the obligations established by law. For purposes of section
192.20 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term
192.21 shall be determined as if their rate of interest is the lesser of the maximum rate of interest
192.22 payable on the obligations in accordance with their terms or the rate estimated for such
192.23 purpose by the governing body, but if the interest rate is subsequently converted to a fixed
192.24 rate the levy may be modified to provide at least five percent in excess of amounts necessary
192.25 to pay principal of and interest at the fixed rate on the obligations when due. For purposes
192.26 of computing debt service or interest pursuant to section 475.67, subdivision 12, interest
192.27 throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the
192.28 rate of interest first borne by the bonds. The provisions of this paragraph do not apply to
192.29 general obligations issued by a statutory or home rule charter city with a population of less
192.30 than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are
192.31 not rated A or better, or an equivalent subsequently established rating, by Standard and
192.32 Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating
192.33 agency, except that any statutory or home rule charter city, regardless of population or bond

193.1 rating, may issue variable rate obligations as a participant in a bond pooling program
193.2 established by the League of Minnesota Cities that meets this bond rating requirement.

193.3 Sec. 6. Minnesota Statutes 2020, section 475.58, subdivision 3b, is amended to read:

193.4 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,
193.5 without regard to the election requirement under subdivision 1, issue and sell obligations
193.6 for street reconstruction or bituminous overlays, if the following conditions are met:

193.7 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan
193.8 that describes the street reconstruction or overlay to be financed, the estimated costs, and
193.9 any planned reconstruction or overlay of other streets in the municipality over the next five
193.10 years, and the plan and issuance of the obligations has been approved by a vote of a two-thirds
193.11 majority of the members of the governing body present at the meeting following a public
193.12 hearing for which notice has been published in the official newspaper at least ten days but
193.13 not more than 28 days prior to the hearing; and

193.14 (2) if a petition requesting a vote on the issuance is signed by voters equal to five percent
193.15 of the votes cast in the last municipal general election and is filed with the municipal clerk
193.16 within 30 days of the public hearing, the municipality may issue the bonds only after
193.17 obtaining the approval of a majority of the voters voting on the question of the issuance of
193.18 the obligations. If the municipality elects not to submit the question to the voters, the
193.19 municipality shall not propose the issuance of bonds under this section for the same purpose
193.20 and in the same amount for a period of 365 days from the date of receipt of the petition. If
193.21 the question of issuing the bonds is submitted and not approved by the voters, the provisions
193.22 of section 475.58, subdivision 1a, shall apply.

193.23 (b) Obligations issued under this subdivision are subject to the debt limit of the
193.24 municipality and are not excluded from net debt under section 475.51, subdivision 4.

193.25 (c) For purposes of this subdivision, street reconstruction and bituminous overlays
193.26 ~~includes~~ include but are not limited to: utility replacement and relocation and other activities
193.27 incidental to the street reconstruction; the addition or reconstruction of turn lanes, bicycle
193.28 lanes, sidewalks, paths, and other improvements having a substantial public safety function;
193.29 realignments; and other modifications to intersect with state and county roads;
193.30 and the local share of state and county road projects. For purposes of this subdivision, "street
193.31 reconstruction" includes expenditures for street reconstruction that have been incurred by
193.32 a municipality before approval of a street reconstruction plan, if such expenditures are
193.33 included in a street reconstruction plan approved on or before the date of the public hearing
193.34 under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

194.1 (d) Except in the case of turn lanes, bicycle lanes, sidewalks, paths, and other safety
 194.2 improvements;; realignments; intersection modifications; and the local share of state and
 194.3 county road projects, street reconstruction and bituminous overlays does not include the
 194.4 portion of project cost allocable to widening a street or adding curbs and gutters where none
 194.5 previously existed.

194.6 Sec. 7. Minnesota Statutes 2020, section 475.60, subdivision 1, is amended to read:

194.7 Subdivision 1. **Advertisement.** All obligations shall be negotiated and sold by the
 194.8 governing body, except when authority therefor is delegated by the governing body or by
 194.9 the charter of the municipality to a board, department, or officers of the municipality. ~~Except~~
 194.10 ~~as provided in section 475.56, obligations shall be sold at not less than par value plus accrued~~
 194.11 ~~interest to date of delivery and not greater than two percent greater than the amount~~
 194.12 ~~authorized to be issued plus accrued interest.~~ Except as provided in subdivision 2 all
 194.13 obligations shall be sold at competitive sale after notice given as provided in subdivision
 194.14 3.

194.15 Sec. 8. Minnesota Statutes 2020, section 475.67, subdivision 8, is amended to read:

194.16 Subd. 8. **Escrow account securities.** Securities purchased for the escrow account shall
 194.17 be limited to:

194.18 (1) general obligations of the United States, securities whose principal and interest
 194.19 payments are guaranteed by the United States, including but not limited to Resolution
 194.20 Funding Corporation Interest Separate Trading of Registered Interest and Principal of
 194.21 Securities and United States Agency for International Development Bonds, and securities
 194.22 issued by ~~the following agencies of the United States: Banks for Cooperatives, United States~~
 194.23 government-sponsored enterprises including but not limited to Federal Home Loan Banks,
 194.24 Federal Intermediate Credit Banks, Federal Land Banks, and the Federal Farm Credit System,
 194.25 the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation;
 194.26 or

194.27 (2) obligations issued or guaranteed by any state or any political subdivision of a state,
 194.28 which at the date of purchase are rated in the highest or the next highest rating category by
 194.29 Standard and Poor's Corporation, Moody's Investors Service, or a similar nationally
 194.30 recognized rating agency, but not less than the rating on the refunded bonds immediately
 194.31 prior to the refunding.

195.1 "Rating category," as used in this subdivision, means a generic securities rating category,
195.2 without regard in the case of a long-term rating category to any refinement or gradation of
195.3 such long-term rating category by a numerical modifier or otherwise.

195.4 Sec. 9. **REPEALER.**

195.5 Minnesota Statutes 2020, section 469.055, subdivision 7, is repealed.

195.6 **ARTICLE 12**

195.7 **TAX EXPENDITURE REVIEW**

195.8 Section 1. Minnesota Statutes 2020, section 3.192, is amended to read:

195.9 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

195.10 (a) Any bill that creates, renews, or continues a tax expenditure must include a statement
195.11 of intent that clearly provides the purpose of the tax expenditure and a standard or goal
195.12 against which its effectiveness may be measured.

195.13 (b) For purposes of this section, "tax expenditure" has the meaning given in section
195.14 270C.11, subdivision 6.

195.15 (c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure
195.16 must include an expiration date for the tax expenditure that is no more than eight years from
195.17 the day the provision takes effect.

195.18 **EFFECTIVE DATE.** This section is effective beginning with the 2022 legislative
195.19 session.

195.20 Sec. 2. Minnesota Statutes 2020, section 3.8853, subdivision 2, is amended to read:

195.21 **Subd. 2. Director; staff.** (a) The Legislative Budget Office Oversight Commission must
195.22 appoint a director and establish the director's duties. The director may hire staff necessary
195.23 to do the work of the office. The director serves in the unclassified service for a term of six
195.24 years and may not be removed during a term except for cause after a public hearing.

195.25 (b) The director and staff hired under this section must provide professional and technical
195.26 assistance to the Tax Expenditure Review Commission under section 3.8855.

195.27 Sec. 3. **[3.8855] TAX EXPENDITURE REVIEW COMMISSION.**

195.28 Subdivision 1. Establishment. The Tax Expenditure Review Commission is created to
195.29 review Minnesota's tax expenditures and evaluate their effectiveness and fiscal impact.

196.1 Subd. 2. **Definitions.** For the purposes of this section, "significant tax expenditure,"
196.2 "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

196.3 Subd. 3. **Membership.** (a) The commission consists of:

196.4 (1) two senators appointed by the senate majority leader;

196.5 (2) two senators appointed by the senate minority leader;

196.6 (3) two representatives appointed by the speaker of the house;

196.7 (4) two representatives appointed by the minority leader of the house of representatives;

196.8 and

196.9 (5) the commissioner of revenue or the commissioner's designee.

196.10 (b) Each appointing authority must make appointments by January 31 of the regular
196.11 legislative session in the odd-numbered year.

196.12 (c) If the chair of the house or senate committee with primary jurisdiction over taxes is
196.13 not an appointed member, the chair is an ex officio, nonvoting member of the commission.

196.14 Subd. 4. **Duties.** (a) In the first three years after the commission is established, the
196.15 commission must complete an initial review of the state's tax expenditures. The initial review
196.16 must identify the purpose of each of the state's tax expenditures, if none was identified in
196.17 the enacting legislation in accordance with section 3.192. The commission may also identify
196.18 metrics for evaluating the effectiveness of an expenditure.

196.19 (b) In each year following the initial review under paragraph (a), the commission must
196.20 review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The
196.21 commission must establish a review schedule that ensures each tax will be reviewed by the
196.22 commission at least once every ten years. The commission may review expenditures affecting
196.23 similar constituencies or policy areas in the same year, but the commission must review a
196.24 subset of the tax expenditures within each tax type each year. To the extent possible, the
196.25 commission must review a similar number of tax expenditures within each tax type each
196.26 year. The commission may decide not to review a tax expenditure that is adopted by reference
196.27 to federal law.

196.28 (c) Before December 1 of the year a tax expenditure is included in a commission report,
196.29 the commission must hold a public hearing on the expenditure, including but not limited to
196.30 a presentation of the review components in subdivision 5.

196.31 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission
196.32 must at a minimum:

- 197.1 (1) provide an estimate of the annual revenue lost as a result of the expenditure;
- 197.2 (2) identify the purpose of the tax expenditure if none was identified in the enacting
- 197.3 legislation in accordance with section 3.192;
- 197.4 (3) estimate the measurable impacts and efficiency of the tax expenditure in
- 197.5 accomplishing the purpose of the expenditure;
- 197.6 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the
- 197.7 same purpose;
- 197.8 (5) identify potential modifications to the tax expenditure to increase its efficiency or
- 197.9 effectiveness;
- 197.10 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if
- 197.11 the revenue lost due to the tax expenditure were applied to a rate reduction;
- 197.12 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the
- 197.13 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;
- 197.14 (8) consider the cumulative fiscal impacts of other state and federal taxes providing
- 197.15 benefits to taxpayers for similar activities; and
- 197.16 (9) recommend whether the expenditure be continued, repealed, or modified.
- 197.17 (b) The commission may omit a component in paragraph (a) if the commission determines
- 197.18 it is not feasible due to the lack of available data, third-party research, staff resources, or
- 197.19 lack of a majority support for a recommendation.
- 197.20 Subd. 6. **Department of Revenue; research support.** (a) The research division of the
- 197.21 Department of Revenue must provide the commission with the data required to complete
- 197.22 the review components in subdivision 5, paragraph (a), clauses (1), (6), (7), and (8).
- 197.23 (b) At the request of the commission, the research division of the Department of Revenue
- 197.24 must provide the commission with summary data on a tax expenditure in support of a review.
- 197.25 (c) Data shared under this section must comply with the rules governing statistical studies
- 197.26 under section 270B.04.
- 197.27 Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must
- 197.28 submit a written report to the legislative committees with jurisdiction over tax policy. The
- 197.29 report must detail the results of the commission's review of tax expenditures in the previous
- 197.30 calendar year, including the review components detailed in subdivision 5.

198.1 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision
198.2 4, the report may be limited to the purpose statements and metrics for evaluating the
198.3 effectiveness of expenditures, as identified by the commission. The report may also include
198.4 relevant publicly available data on an expenditure.

198.5 (c) The report may include any additional information the commission deems relevant
198.6 to the review of an expenditure.

198.7 (d) The legislative committees with jurisdiction over tax policy must hold a public
198.8 hearing on the report during the regular legislative session in the year following the year in
198.9 which the report was submitted.

198.10 Subd. 8. **Terms; vacancies.** (a) Members of the commission serve a term beginning
198.11 upon appointment and ending at the beginning of the regular legislative session in the next
198.12 odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of
198.13 a current legislator for the remainder of the unexpired term. Members may be removed or
198.14 replaced at the pleasure of the appointing authority.

198.15 (b) If a commission member ceases to be a member of the legislative body from which
198.16 the member was appointed, the member vacates membership on the commission.

198.17 Subd. 9. **Officers.** The commission shall elect a chair and vice-chair as presiding officers.
198.18 The chair and vice-chair must alternate every two years between members of the house of
198.19 representatives and senate. The chair and vice-chair may not be from the same legislative
198.20 chamber.

198.21 Subd. 10. **Staff.** Legislative Budget Office staff hired under section 3.8853, subdivision
198.22 2, must provide professional and technical assistance to the commission as the commission
198.23 deems necessary, including assistance with the report under subdivision 7.

198.24 Subd. 11. **Expenses.** The members of the commission and its staff shall be reimbursed
198.25 for all expenses actually and necessarily incurred in the performance of their duties.
198.26 Reimbursement for expenses incurred shall be made in accordance with policies adopted
198.27 by the Legislative Coordinating Commission.

198.28 **EFFECTIVE DATE; SPECIAL PROVISIONS.** (a) This section is effective the day
198.29 following final enactment.

198.30 (b) Appointing authorities for the commission must make initial appointments by January
198.31 15, 2022. The speaker of the house must designate one member of the commission to convene
198.32 the first meeting of the commission by July 1, 2022. The first report of the commission
198.33 under Minnesota Statutes, section 3.8855, subdivision 7, is due on December 15, 2022.

199.1 Sec. 4. Minnesota Statutes 2020, section 270B.14, is amended by adding a subdivision to
199.2 read:

199.3 Subd. 22. **Tax Expenditure Review Commission.** The commissioner must disclose to
199.4 the Tax Expenditure Review Commission the data required under section 3.8855, subdivision
199.5 6.

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

199.7 Sec. 5. Minnesota Statutes 2020, section 270C.11, subdivision 2, is amended to read:

199.8 Subd. 2. **Preparation; submission.** The commissioner shall prepare a tax expenditure
199.9 budget for the state. The tax expenditure budget report shall be submitted to the legislature
199.10 by ~~February~~ November 1 of each even-numbered year.

199.11 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
199.12 after November 1, 2023.

199.13 Sec. 6. Minnesota Statutes 2020, section 270C.11, subdivision 4, is amended to read:

199.14 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

199.15 (1) the amount of tax revenue forgone;

199.16 (2) a citation of the statutory or other legal authority for the expenditure, ~~and;~~

199.17 (3) the year in which it was enacted or the tax year in which it became effective;

199.18 (4) the purpose of the expenditure, as identified in the enacting legislation in accordance
199.19 with section 3.192 or by the Tax Expenditure Review Commission;

199.20 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;
199.21 and

199.22 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the
199.23 expenditure were repealed.

199.24 (b) The report may contain additional information which the commissioner considers
199.25 relevant to the legislature's consideration and review of individual tax expenditure items.

199.26 This may include, but is not limited to, ~~statements of the intended purpose of the tax~~

199.27 ~~expenditure,~~ analysis of whether the expenditure is achieving that objective, and the effect

199.28 of the expenditure ~~device~~ on the ~~distribution of the tax burden and~~ administration of the tax

199.29 system.

200.1 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
200.2 after November 1, 2023.

200.3 Sec. 7. Minnesota Statutes 2020, section 270C.11, subdivision 6, is amended to read:

200.4 Subd. 6. **Definitions.** For purposes of this section, the following terms have the meanings
200.5 given:

200.6 (1) "business tax credit" means:

200.7 (i) a credit against the corporate franchise tax claimed by a C corporation; or

200.8 (ii) a credit against the individual or fiduciary income tax claimed by a pass-through
200.9 entity that is allocated to its partners, members, or shareholders;

200.10 (2) "pass-through entity" means a partnership, limited liability corporation, or S
200.11 corporation;

200.12 (3) "significant tax expenditure" means a tax expenditure, but excluding any tax
200.13 expenditure that:

200.14 (i) is incorporated into state law by reference to a federal definition of income;

200.15 (ii) results in a revenue reduction of less than \$10,000,000 per biennium; or

200.16 (iii) is a business tax credit;

200.17 (4) "tax expenditure" means a tax provision which provides a gross income definition,
200.18 deduction, exemption, credit, or rate for certain persons, types of income, transactions, or
200.19 property that results in reduced tax revenue, but excludes provisions used to mitigate tax
200.20 pyramiding; and

200.21 ~~(2)~~ (5) "tax" means any tax of statewide application or any tax authorized by state law
200.22 to be levied by local governments generally. It does not include a special local tax levied
200.23 pursuant to special law or to a special local tax levied pursuant to general authority that is
200.24 no longer applicable to local governments generally;; and

200.25 (6) "tax pyramiding" means imposing sales taxes under chapter 297A on intermediate
200.26 business-to-business transactions rather than sales to final consumers.

200.27 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
200.28 after November 1, 2023.

201.1 Sec. 8. Minnesota Statutes 2020, section 270C.13, subdivision 1, is amended to read:

201.2 Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature by
201.3 March 1 of each odd-numbered year on the overall incidence of the income tax, sales and
201.4 excise taxes, and property tax.

201.5 (b) The commissioner must submit the report:

201.6 (1) by March 1, 2021; and

201.7 (2) by March 1, 2024, and each even-numbered year thereafter.

201.8 (c) The report shall present information on the distribution of the tax burden as follows:

201.9 (1) for the overall income distribution, using a systemwide incidence measure such as the
201.10 Suits index or other appropriate measures of equality and inequality; (2) by income classes,
201.11 including at a minimum deciles of the income distribution; and (3) by other appropriate
201.12 taxpayer characteristics.

201.13 **EFFECTIVE DATE.** This section is effective for tax incidence reports due on or after
201.14 March 1, 2021.

201.15 Sec. 9. **STATEMENT OF INTENT; TAX EXPENDITURE PURPOSE**

201.16 **STATEMENTS.**

201.17 The intent of sections 10 to 15 is to identify purpose statements for the tax expenditures
201.18 identified, in accordance with Minnesota Statutes, section 3.192. The purpose statements
201.19 in this act for previously enacted expenditures were included in proposed legislation, but
201.20 were omitted from the legislation that enacted the expenditures. The provisions of this act
201.21 are intended to provide context for evaluating the effectiveness of the tax expenditures
201.22 referenced and are not intended to have a substantive effect on the meaning or administration
201.23 of the laws referenced.

201.24 Sec. 10. **PURPOSE STATEMENTS; 2021 OMNIBUS TAX BILL.**

201.25 Subdivision 1. **Intent.** In accordance with the requirements in Minnesota Statutes, section
201.26 3.192, the purpose and goals for the tax expenditures in this act are listed in this section.

201.27 Subd. 2. **Sales tax purpose statements.** (a) The purpose of the exemption in article 4,
201.28 section 1, is to create parity between the purchase of season tickets in a preferred viewing
201.29 location for a college sporting event with the purchase of suite licenses in a stadium for an
201.30 amusement or athletic event. The standard against which effectiveness is to be measured is
201.31 the increase in the number of college sporting event season tickets purchased.

202.1 (b) The purpose of the exemption in article 4, section 2, is to allow student groups to
 202.2 make fund-raising sales without the requirement of collecting sales tax and to restore the
 202.3 exemption that existed prior to a 2019 law change that imposed the requirement for student
 202.4 groups to collect sales tax on fund-raising sales when the proceeds are deposited into a
 202.5 school district account. The standard against which effectiveness is to be measured is the
 202.6 amount of time school districts spent collecting and filing sales tax and to increase the
 202.7 amount raised by school groups.

202.8 (c) The purpose of the exemption in article 4, section 3, is to reduce the cost to nonprofit
 202.9 organizations for providing prepared food through their charitable missions. The standard
 202.10 against which effectiveness is to be measured is the number of meals nonprofit organizations
 202.11 provided to those in need.

202.12 (d) The purpose of the exemptions in article 4, sections 4, 5, and 11 to 19, is to reduce
 202.13 the cost of constructions of public safety facilities and other publicly owned buildings. The
 202.14 standard against which effectiveness is to be measured is the decrease in the growth in local
 202.15 property taxes and services in these communities.

202.16 (e) The purpose of the exemptions in article 4, sections 9, 10, and 20, is to encourage
 202.17 rebuilding in the damaged area of each city. The standard against which effectiveness is to
 202.18 be measured is whether these properties returned to the tax rolls at the same or greater value.

202.19 (f) The purpose of the exemption in article 4, section 21, is to reduce the cost to
 202.20 restaurants for purchasing items that adapt the building to health guidelines surrounding
 202.21 COVID-19. The standard against which effectiveness is to be measured is the profitability
 202.22 of restaurants affected by the peacetime health emergency.

202.23 **Subd. 3. Income and corporate franchise tax purpose statements.** (a) The purpose
 202.24 of the tax expenditure in article 2, sections 2 and 3, extending the sunset date for the small
 202.25 business investment credit is to encourage investment in innovative small businesses in
 202.26 Minnesota. The standard against which effectiveness is to be measured is the increase in
 202.27 the number of these businesses in the state, the number of people employed by these
 202.28 businesses in the state, the productivity of these businesses, or the sales of these businesses.

202.29 (b) The purpose of the tax expenditure in article 2, sections 5, 21, and 40, establishing
 202.30 the film production credit is to encourage investment in Minnesota film productions. The
 202.31 standard against which effectiveness is to be measured is the increase in the number of these
 202.32 productions and people employed in the state's film industry.

202.33 (c) The purpose of the tax expenditure in article 2, section 27, extending the sunset date
 202.34 for the credit for historic structure rehabilitation is to encourage investment in rehabilitating

203.1 historic buildings. The standard against which effectiveness is to be measured is the increase
203.2 in the number of historic rehabilitation projects in the state.

203.3 (d) The purpose of the tax expenditures in article 1, sections 1, 2, 3, 13, and 14,
203.4 conforming Minnesota individual income, corporate franchise, and estate taxes to changes
203.5 in federal law through December 31, 2020, is to simplify compliance with and administration
203.6 of those taxes. The standard against which effectiveness is to be measured is the reduction
203.7 in the number of income tax forms and text in the instructions for taxpayers resulting from
203.8 this provision.

203.9 (e) The purpose of the tax expenditure in article 1, section 18, providing a subtraction
203.10 for a portion of unemployment compensation is to provide financial support to unemployed
203.11 persons and to encourage economic activity in the state. The standard against which
203.12 effectiveness is to be measured is the increase in after-tax income of unemployed persons
203.13 and gross state product.

203.14 (f) The purpose of the tax expenditure in article 1, section 16, subdivisions 2 and 3,
203.15 providing a subtraction for gross income related to the federal employer credits for paid
203.16 family and medical leave is to provide financial support to businesses in Minnesota. The
203.17 standard against which effectiveness is to be measured is the amount of tax paid by small
203.18 businesses receiving the federal credits and the number of individuals employed by businesses
203.19 receiving the federal credits.

203.20 (g) The purpose of the tax expenditure in article 1, section 16, subdivisions 4 and 5,
203.21 providing a subtraction for wages used to claim the federal employee retention credit is to
203.22 encourage businesses to retain their employees. The standard against which effectiveness
203.23 is to be measured is the employment rate in Minnesota and the number of individuals
203.24 employed by businesses receiving the federal credits.

203.25 **Subd. 4. Property tax purpose statements.** (a) The provision in article 7, section 3,
203.26 creating a property tax exemption for certain property owned by an Indian Tribe is intended
203.27 to reduce the tax burden on Tribe-owned property that fails to qualify for an exemption
203.28 under Minnesota Statutes, section 272.02, subdivision 7, because the Tribe is not exempt
203.29 from federal income taxation under section 501(c)(3) of the Internal Revenue Code. The
203.30 standard against which effectiveness is to be measured is the reduction in property tax levied
203.31 on Tribe-owned property.

203.32 (b) The provision in article 7, section 13, which sets the classification rate of all
203.33 manufactured home park property at 0.75 percent is intended to reduce the tax burden on
203.34 manufactured home parks and preserve manufactured home parks as an affordable housing

204.1 option in Minnesota. The standard against which effectiveness is to be measured is the
 204.2 reduction in property tax burden on manufactured home parks and the number of
 204.3 manufactured home parks in Minnesota.

204.4 Sec. 11. **PURPOSE STATEMENTS; 2019 OMNIBUS TAX BILL.**

204.5 Subdivision 1. Source of purpose statements. The purpose statements in this section
 204.6 were originally included in the 2019 bill styled as House File 2125, the third engrossment,
 204.7 in the 91st Legislature. The tax expenditures referenced were enacted in Laws 2019, First
 204.8 Special Session chapter 6.

204.9 Subd. 2. Sales tax purpose statements. (a) The purpose of the exemption in Minnesota
 204.10 Statutes, section 297A.67, subdivision 37, is to level the playing field for costs between
 204.11 local governments and private entities of managing invasive species in lakes. The goal is
 204.12 an increase in the number of lakes where invasive species are being controlled.

204.13 (b) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision
 204.14 10, paragraph (c), is to reduce the cost of providing education on the state's farming history.
 204.15 The goal is to decrease the public cost of access to this facility.

204.16 (c) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision
 204.17 20, is to decrease maintenance costs for the ice arena. The goal is to increase local recreation
 204.18 opportunities and reduce local participation costs.

204.19 (d) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision
 204.20 21, is to help county agricultural societies maintain county fairgrounds. The goal is to
 204.21 increase spending on fairground maintenance and capital improvements.

204.22 (e) The purpose of the exemptions in Minnesota Statutes, section 297A.71, subdivision
 204.23 50, is to encourage rebuilding in the damaged area of each city. The goal is to have these
 204.24 properties returned to the tax rolls at the same or greater value.

204.25 (f) The purpose of the exemptions in Minnesota Statutes, section 297A.71, subdivision
 204.26 51, is to encourage rebuilding in the damaged area of each city. The goal is to have these
 204.27 properties returned to the tax rolls at the same or greater value.

204.28 (g) The purpose of the exemption in Minnesota Statutes, section 297A.71, subdivision
 204.29 52, is to reduce the cost of providing local public services in these communities. The goal
 204.30 is to decrease the growth in local property taxes and service fees in these communities.

204.31 Subd. 3. Income and corporate franchise tax purpose statements. (a) The purpose
 204.32 and goal of the tax expenditure under Minnesota Statutes, sections 290.0132, subdivision

205.1 29; 290.0134, subdivision 18; 290.0921, subdivisions 2 and 3; relating to disallowed expenses
 205.2 under section 280E of the Internal Revenue Code, is to provide equitable state tax treatment
 205.3 between medical cannabis manufacturers that are not allowed to deduct their business
 205.4 expenses under the Internal Revenue Code and manufacturers of other goods who may
 205.5 deduct these expenses.

205.6 (b) The purpose of the tax expenditures under Minnesota Statutes, section 116J.8737,
 205.7 subdivision 1, relating to the minimum qualified investment threshold for minority-, veteran-,
 205.8 or women-owned businesses; subdivision 5, relating to the \$10,000,000 allocation for taxable
 205.9 years beginning after December 31, 2018, and before January 1, 2020, and beginning after
 205.10 December 31, 2020, and before January 1, 2022; and subdivision 12, relating to the extension
 205.11 of the sunset date; is to encourage investment in innovative small businesses in Minnesota
 205.12 and the goal of the these expenditures is to increase the number of these businesses in the
 205.13 state, the number of people employed by these businesses in the state, the productivity of
 205.14 these businesses, or the sales of these businesses.

205.15 **Sec. 12. PURPOSE STATEMENTS; 2017 OMNIBUS TAX BILL.**

205.16 Subdivision 1. **Source of purpose statements.** The purpose statements in this section
 205.17 were originally included in the 2015 bill styled as House File 848, the third engrossment,
 205.18 in the 89th Legislature. The tax expenditures referenced were enacted in Laws 2017, First
 205.19 Special Session chapter 1.

205.20 Subd. 2. **Sales tax purpose statements.** (a) The provision of Minnesota Statutes, section
 205.21 297A.67, subdivision 34, is intended to provide equitable tax treatment for different types
 205.22 of investments. The standard against which effectiveness is to be measured is the increase
 205.23 in precious metal bullion sold in the state and in number of coin and precious metal trade
 205.24 shows held in the state.

205.25 (b) The provisions of Minnesota Statutes, section 297A.70, subdivision 14, are intended
 205.26 to increase the ability of the nonprofit to provide opportunities for educating the public on
 205.27 the history of farming. The standard against which effectiveness is to be measured is an
 205.28 increase in the percent of the organization's budget being used for direct spending for its
 205.29 mission.

205.30 Subd. 3. **Income and corporate franchise tax purpose statements.** (a) The provisions
 205.31 of Minnesota Statutes, section 290.0132, subdivision 26, are intended to attract to Minnesota
 205.32 recipients of Social Security benefits and to retain those already present, by providing a
 205.33 phased-in subtraction of Social Security benefits. The standard against which effectiveness

206.1 is to be measured is the change over time in the number of Social Security recipients in
206.2 Minnesota, after adjusting for demographic changes.

206.3 (b) The provisions of Minnesota Statutes, section 290.0132, subdivision 23, and
206.4 Minnesota Statutes, section 290.0684, are intended to increase saving for higher education
206.5 expenses. The standard against which effectiveness is to be measured is the change over
206.6 time, as tracked by the Minnesota Office of Higher Education, in: (1) the estimated number
206.7 of Minnesota residents making contributions to the Minnesota College Savings Plan, and
206.8 (2) the amount contributed.

206.9 (c) The modifications to Minnesota Dependent Care Credit amending Minnesota Statutes,
206.10 section 290.067, subdivision 1, and repealing Minnesota Statutes, section 290.067,
206.11 subdivision 2, modifying the limitations for claiming the credit, are intended to simplify
206.12 the dependent care credit by tying it more closely to the federal credit and to recognize an
206.13 increased burden in dependent care expenses as a cost of workforce participation for parents.
206.14 The standard against which effectiveness is to be measured is the change in the error rate
206.15 on claims for dependent care credits and the change in the average credit amount claimed
206.16 by parents in the income range eligible for the credit under present law.

206.17 (d) The provisions of Minnesota Statutes, section 290.0686, are intended to improve the
206.18 quality of teaching in Minnesota kindergarten through grade 12 schools by encouraging
206.19 teachers to obtain master's degrees in the subject areas they teach. The standard against
206.20 which effectiveness is to be measured is the change over time in the number of kindergarten
206.21 through grade 12 classroom teachers with master's degrees in the subject area that they
206.22 teach.

206.23 (e) The provisions of Minnesota Statutes, section 290.0682, are intended to reduce the
206.24 debt burden of recent graduates of higher education programs and to reduce and potentially
206.25 reverse the current net demographic loss of young adults in Minnesota. The standard against
206.26 which effectiveness is to be measured is the change over time in the number of young adults
206.27 choosing to move to or remain in Minnesota, as measured by the state demographer.

206.28 (f) The purpose of the tax expenditures under Minnesota Statutes, sections 290.01,
206.29 subdivision 19; 289A.02, subdivision 7; 290.01, subdivision 31; and 290A.03, subdivision
206.30 15; conforming Minnesota individual income, corporate franchise, and estate taxes to changes
206.31 in federal law through December 16, 2016, are intended to simplify compliance with and
206.32 administration of those taxes. The standard against which effectiveness is to be measured
206.33 is the reduction in the number of income tax forms and text in the instructions for taxpayers
206.34 resulting from this provision.

207.1 Subd. 4. **Other purpose statements.** (a) The provisions in Minnesota Statutes, section
207.2 290.06, subdivision 38, are intended to reduce the effect of school bond referenda on owners
207.3 of agricultural property. The standard against which the effectiveness of the credit is to be
207.4 measured is the amount of property tax reductions provided to owners of agricultural land.

207.5 (b) The provisions in Minnesota Statutes, section 298.24, subdivision 1, are intended to
207.6 encourage the production of direct reduced ore and the establishment of more direct reduced
207.7 ore production facilities in Minnesota. The standard against which this effectiveness is to
207.8 be measured is the amount of direct reduced ore produced and the number of producers of
207.9 direct reduced ore before and after enactment.

207.10 **Sec. 13. PURPOSE STATEMENTS; 2017 TAX CONFORMITY BILL.**

207.11 Subdivision 1. **Source of purpose statements.** The purpose statements in this section
207.12 were originally included in the 2015 bill styled as House File 848, the third engrossment,
207.13 in the 89th Legislature. The tax expenditure referenced was enacted in Laws 2017, chapter
207.14 1.

207.15 Subd. 2. **Income and corporate franchise tax purpose statements.** The purpose of
207.16 the tax expenditures under Minnesota Statutes, sections 290.01, subdivision 19; 289A.02,
207.17 subdivision 7; 290.01, subdivision 31; and 290A.03, subdivision 15; conforming Minnesota
207.18 individual income, corporate franchise, and estate taxes to changes in federal law through
207.19 December 16, 2016, are intended to simplify compliance with and administration of those
207.20 taxes. The standard against which effectiveness is to be measured is the reduction in the
207.21 number of income tax forms and text in the instructions for taxpayers resulting from this
207.22 provision.

207.23 **Sec. 14. PURPOSE STATEMENTS; 2016 OMNIBUS SUPPLEMENTAL SPENDING**
207.24 **BILL.**

207.25 Subdivision 1. **Source of purpose statements.** The purpose statements in this section
207.26 were originally included in the 2015 bill styled as House File 848, the third engrossment,
207.27 in the 89th Legislature. The tax expenditure referenced was enacted in Laws 2016, chapter
207.28 189.

207.29 Subd. 2. **Income and corporate franchise tax purpose statements.** The provisions of
207.30 Minnesota Statutes, section 290.0132, subdivision 21, are intended to attract to Minnesota
207.31 military retirees, and to retain those already present, by allowing a subtraction from income
207.32 tied to the number of years of military service provided. The standard against which

208.1 effectiveness is to be measured is the change over time in the number of military retirees
208.2 in Minnesota.

208.3 **Sec. 15. PURPOSE STATEMENTS; 2014 OMNIBUS TAX BILL.**

208.4 Subdivision 1. **Source of purpose statements.** The purpose statements in this section
208.5 were originally included in the 2014 bill styled as House File 3167, the third engrossment,
208.6 in the 89th Legislature. The tax expenditures referenced were enacted in Laws 2014, chapter
208.7 308.

208.8 Subd. 2. **Sales tax purpose statements.** (a) The provision of Minnesota Statutes, section
208.9 297A.68, subdivision 3a, defining certain coin-operated amusement devices as sales for
208.10 resale is intended to reduce tax pyramiding by exempting an input to a taxable service.

208.11 (b) The provision of Minnesota Statutes, section 297A.70, subdivision 2, paragraph (b),
208.12 clause (5), modifying the sales tax on certain local government purchases is intended to
208.13 reduce the cost of providing local government services, remove a barrier for
208.14 intergovernmental cooperation, and reduce existing compliance and administration costs
208.15 for local governments.

208.16 (c) The provisions of Minnesota Statutes, section 297A.70, subdivision 13, raising the
208.17 limit on tax exempt fund-raising by nonprofit organizations are intended to reflect the impact
208.18 on inflation over time on the limit and reduce compliance costs for groups that exceed the
208.19 limit.

208.20 (d) The provision of Minnesota Statutes, section 297G.03, subdivision 5, allowing a
208.21 microdistillery credit is to relieve small distillers of the burden of paying excise tax on the
208.22 distribution of free samples of their products and to encourage the development and marketing
208.23 of products by niche distillers in the state.

208.24 Subd. 3. **Income and corporate franchise tax purpose statements.** The modifications
208.25 to the National Guard subtraction contained in Laws 2014, chapter 308, article 4, section
208.26 12, are intended to provide equitable tax treatment to Minnesota residents who are members
208.27 of the National Guard and serve full time in Active Guard/Reserve status by allowing an
208.28 income tax subtraction for military pay equivalent to that allowed under Minnesota Statutes
208.29 2014, section 290.01, subdivision 19b, clause (11), now codified as Minnesota Statutes,
208.30 section 290.0132, subdivision 11, for Minnesota residents who serve full time in the armed
208.31 forces of the United States.

208.32 Subd. 4. **Other purpose statements.** The purpose of the tax expenditure under Minnesota
208.33 Statutes, section 291.005, subdivision 1, clause (8), subclause (iii), deeming certain qualified

209.1 art on loan to Minnesota nonprofit entities as property with a situs outside Minnesota under
209.2 the estate tax is intended to prevent the Minnesota estate tax from discouraging nonresident
209.3 owners of art from loaning it to Minnesota nonprofit museums.

209.4 Sec. 16. **APPROPRIATION; TAX EXPENDITURE REVIEW.**

209.5 (a) \$36,000 in fiscal year 2022 and \$766,000 in fiscal year 2023 are appropriated from
209.6 the general fund to the Legislative Coordinating Commission for the Tax Expenditure
209.7 Review Commission under Minnesota Statutes, section 3.8855. The base for this
209.8 appropriation is \$745,000 in fiscal year 2024 and \$796,000 in fiscal year 2025.

209.9 (b) \$148,000 in fiscal year 2023 is appropriated from the general fund to the commissioner
209.10 of revenue to provide research support to the Tax Expenditure Review Commission under
209.11 Minnesota Statutes, section 3.8855.

209.12 **ARTICLE 13**
209.13 **MISCELLANEOUS TAX PROVISIONS**

209.14 Section 1. **[16A.067] TAXPAYER RECEIPT.**

209.15 (a) The commissioner, in consultation with the commissioner of revenue, must develop
209.16 and publish on the Department of Management and Budget's website an interactive taxpayer
209.17 receipt in accordance with this section. The receipt must describe the share of state general
209.18 fund expenditures represented by major expenditure categories in the most recent fiscal
209.19 year for which data is available. The receipt must show the approximate allocation of motor
209.20 vehicle fuel taxes among eligible transportation purposes.

209.21 (b) For each expenditure category, the receipt must include select data on the performance
209.22 goals and outcomes for the category, based on the goals and outcomes data required under
209.23 section 16A.10, subdivision 1b.

209.24 (c) The website must allow a user to input an income amount, and must estimate the
209.25 amount of major state taxes paid by the user. The website must allocate the user's estimated
209.26 state tax liability to each major expenditure category based on the category's percentage
209.27 share of total state general fund spending. For the purposes of this section, "major state
209.28 taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

209.29 (d) Using the income amount entered by the user, the website must estimate the amount
209.30 of income and direct sales taxes paid based upon the taxpayer's income. The website must
209.31 allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased

210.1 motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette,
210.2 alcohol, and motor vehicle fuel taxes paid by the user.

210.3 (e) The commissioner must update the receipt by December 31 of each year, and must
210.4 annually promote to the public the availability of the website.

210.5 Sec. 2. Minnesota Statutes 2020, section 16A.152, subdivision 2, is amended to read:

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

210.11 (1) the cash flow account established in subdivision 1 until that account reaches
210.12 \$350,000,000;

210.13 (2) the budget reserve account established in subdivision 1a until that account reaches
210.14 \$1,596,522,000;

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

210.19 (4) the amount necessary to restore all or a portion of the net aid reductions under section
210.20 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
210.21 subdivision 5, by the same amount;

210.22 ~~(5) the clean water fund established in section 114D.50 until \$22,000,000 has been~~
210.23 ~~transferred into the fund; and~~

210.24 ~~(6)~~ (5) the amount necessary to increase the Minnesota 21st century fund by not more
210.25 than the difference between \$5,000,000 and the sum of the amounts credited and canceled
210.26 to it in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the
210.27 sum of all transfers under this section and all amounts credited or canceled under Laws
210.28 2020, chapter 71, article 1, section 11, equals \$20,000,000; and

210.29 (6) for a forecast in November only, the amount necessary to reduce the percentage of
210.30 accelerated June liability sales tax payments required under sections 289A.20, subdivision
210.31 4, paragraph (b); 297F.09, subdivision 10; and 297G.09, subdivision 9, until the percentage
210.32 equals zero, rounded to the nearest tenth of a percent with any remaining funds deposited

211.1 in the budget reserve. By March 1 each year the commissioner of revenue must certify the
 211.2 percentage of June liability owed by qualifying vendors based on the reduction required by
 211.3 this clause.

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

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

211.13 ~~(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been~~
 211.14 ~~made.~~

211.15 **EFFECTIVE DATE.** This section is effective July 1, 2021.

211.16 Sec. 3. Minnesota Statutes 2020, section 270A.03, subdivision 2, is amended to read:

211.17 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by
 211.18 section 14.02, subdivision 2, the regents of the University of Minnesota, any district court
 211.19 of the state, any county, any statutory or home rule charter city, including a city that is
 211.20 presenting a claim for a municipal hospital or a public library or a municipal ambulance
 211.21 service, a hospital district, ~~a private nonprofit hospital that leases its building from the county~~
 211.22 ~~or city in which it is located~~, any ambulance service licensed under chapter 144E, any public
 211.23 agency responsible for child support enforcement, any public agency responsible for the
 211.24 collection of court-ordered restitution, and any public agency established by general or
 211.25 special law that is responsible for the administration of a low-income housing program.

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

211.27 Sec. 4. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision to
 211.28 read:

211.29 Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income
 211.30 taxpayers the opportunity to elect to receive information about a taxpayer receipt via e-mail
 211.31 or United States mail. In the manner selected by the taxpayer, the commissioner must provide
 211.32 the taxpayer with information about how to access the taxpayer receipt website established

212.1 under section 16A.067. The commissioner must allow a taxpayer to elect not to receive
 212.2 information about the receipt.

212.3 (b) Both the long and short forms described in subdivision 13 must include the
 212.4 opportunity to elect to receive information about the receipt.

212.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 212.6 31, 2020.

212.7 Sec. 5. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

212.8 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
 212.9 to the commissioner monthly on or before the 20th day of the month following the month
 212.10 in which the taxable event occurred, or following another reporting period as the
 212.11 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
 212.12 or (g), except that use taxes due on an annual use tax return as provided under section
 212.13 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

212.14 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30
 212.15 must remit the June liability for the next year in the following manner:

212.16 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
 212.17 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
 212.18 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or
 212.19 a reduced percentage as certified by the commissioner under section 16A.152, subdivision
 212.20 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.

212.21 (2) On or before August 20 of the year, the vendor must pay any additional amount of
 212.22 tax not remitted in June.

212.23 (c) A vendor having a liability of:

212.24 (1) \$10,000 or more, but less than \$250,000, ~~during a fiscal year ending June 30, 2013,~~
 212.25 ~~and fiscal years thereafter,~~ must remit by electronic means all liabilities on returns due for
 212.26 periods beginning in all subsequent calendar years on or before the 20th day of the month
 212.27 following the month in which the taxable event occurred, or on or before the 20th day of
 212.28 the month following the month in which the sale is reported under section 289A.18,
 212.29 subdivision 4; or

212.30 (2) \$250,000 or more, ~~during a fiscal year ending June 30, 2013, and fiscal years~~
 212.31 ~~thereafter,~~ must remit by electronic means all liabilities in the manner provided in paragraph
 212.32 (a) on returns due for periods beginning in the subsequent calendar year, except for 90

213.1 ~~percent~~ of the estimated June liability, which is due two business days before June 30. The
213.2 remaining amount of the June liability is due on August 20.

213.3 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious
213.4 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer
213.5 must notify the commissioner of revenue of the intent to pay by mail before doing so on a
213.6 form prescribed by the commissioner. No extra fee may be charged to a person making
213.7 payment by mail under this paragraph. The payment must be postmarked at least two business
213.8 days before the due date for making the payment in order to be considered paid on a timely
213.9 basis.

213.10 (e) Paragraph (b) expires after the percentage of estimated payment is reduced to zero
213.11 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

213.12 **EFFECTIVE DATE.** This section is effective for estimate payments required to be
213.13 made after July 1, 2021.

213.14 Sec. 6. Minnesota Statutes 2020, section 289A.60, subdivision 15, is amended to read:

213.15 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**
213.16 **underpayment.** (a) For payments made after December 31, 2019 and before December 31,
213.17 2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and
213.18 87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent
213.19 of the amount of actual June liability required to be paid in June less the amount remitted
213.20 in June. The penalty must not be imposed, however, if the amount remitted in June equals
213.21 the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average
213.22 monthly liability for the previous calendar year.

213.23 (b) For payments made after December 31, 2021, the penalty must not be imposed if
213.24 the amount remitted in June equals the lesser of 84.5 percent, or a reduced percentage as
213.25 certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause
213.26 (6), of the preceding May's liability or 84.5 percent of the average monthly liability for the
213.27 previous calendar year.

213.28 (c) This subdivision expires after the percentage of estimated payment is reduced to zero
213.29 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

213.30 **EFFECTIVE DATE.** This section is effective for estimate payments required to be
213.31 made after July 1, 2021.

214.1 Sec. 7. Minnesota Statutes 2020, section 290A.04, subdivision 2, is amended to read:

214.2 Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes
 214.3 payable are in excess of the percentage of the household income stated below shall pay an
 214.4 amount equal to the percent of income shown for the appropriate household income level
 214.5 along with the percent to be paid by the claimant of the remaining amount of property taxes
 214.6 payable. The state refund equals the amount of property taxes payable that remain, up to
 214.7 the state refund amount shown below.

214.8			Percent Paid by	Maximum
214.9			Claimant	State
214.10	Household Income	Percent of Income		Refund
214.11	\$0 to 1,739	1.0 percent	15 percent	\$ 2,770
214.12	1,740 to 3,459	1.1 percent	15 percent	\$ 2,770
214.13	3,460 to 5,239	1.2 percent	15 percent	\$ 2,770
214.14	5,240 to 6,989	1.3 percent	20 percent	\$ 2,770
214.15	6,990 to 8,719	1.4 percent	20 percent	\$ 2,770
214.16	8,720 to 12,219	1.5 percent	20 percent	\$ 2,770
214.17	12,220 to 13,949	1.6 percent	20 percent	\$ 2,770
214.18	13,950 to 15,709	1.7 percent	20 percent	\$ 2,770
214.19	15,710 to 17,449	1.8 percent	20 percent	\$ 2,770
214.20	17,450 to 19,179	1.9 percent	25 percent	\$ 2,770
214.21	19,180 to 24,429	2.0 percent	25 percent	\$ 2,770
214.22	24,430 to 26,169	2.0 percent	30 percent	\$ 2,770
214.23	26,170 to 29,669	2.0 percent	30 percent	\$ 2,770
214.24	29,670 to 41,859	2.0 percent	35 percent	\$ 2,770
214.25	41,860 to 61,049	2.0 percent	35 percent	\$ 2,240
214.26	61,050 to 69,769	2.0 percent	40 percent	\$ 1,960
214.27	69,770 to 78,499	2.1 percent	40 percent	\$ 1,620
214.28	78,500 to 87,219	2.2 percent	40 percent	\$ 1,450
214.29	87,220 to 95,939	2.3 percent	40 percent	\$ 1,270
214.30	95,940 to 101,179	2.4 percent	45 percent	\$ 1,070
214.31	101,180 to 104,689	2.5 percent	45 percent	\$ 890
214.32	104,690 to 108,919	2.5 percent	50 percent	\$ 730
214.33	108,920 to 113,149	2.5 percent	50 percent	\$ 540
214.34				Maximum
214.35			Percent Paid by	State
214.36	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
214.37	<u>\$0 to 1,820</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$ 3,150</u>
214.38	<u>1,820 to 3,630</u>	<u>1.1 percent</u>	<u>15 percent</u>	<u>\$ 3,150</u>

215.1	<u>3,630 to 5,490</u>	<u>1.2 percent</u>	<u>15 percent</u>	<u>\$ 3,150</u>
215.2	<u>5,490 to 7,330</u>	<u>1.3 percent</u>	<u>20 percent</u>	<u>\$ 3,150</u>
215.3	<u>7,330 to 9,140</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 3,150</u>
215.4	<u>9,140 to 12,810</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 3,150</u>
215.5	<u>12,810 to 14,630</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 3,150</u>
215.6	<u>14,630 to 16,470</u>	<u>1.7 percent</u>	<u>20 percent</u>	<u>\$ 3,150</u>
215.7	<u>16,470 to 18,300</u>	<u>1.8 percent</u>	<u>20 percent</u>	<u>\$ 3,150</u>
215.8	<u>18,300 to 20,110</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 3,150</u>
215.9	<u>20,110 to 25,620</u>	<u>2.0 percent</u>	<u>25 percent</u>	<u>\$ 3,150</u>
215.10	<u>25,620 to 27,440</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 3,150</u>
215.11	<u>27,440 to 31,110</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 3,150</u>
215.12	<u>31,110 to 43,890</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 3,150</u>
215.13	<u>43,890 to 64,020</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,600</u>
215.14	<u>64,020 to 73,160</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,310</u>
215.15	<u>73,160 to 82,320</u>	<u>2.1 percent</u>	<u>40 percent</u>	<u>\$ 1,950</u>
215.16	<u>82,320 to 91,460</u>	<u>2.2 percent</u>	<u>40 percent</u>	<u>\$ 1,770</u>
215.17	<u>91,460 to 100,600</u>	<u>2.3 percent</u>	<u>40 percent</u>	<u>\$ 1,580</u>
215.18	<u>100,600 to 106,100</u>	<u>2.4 percent</u>	<u>45 percent</u>	<u>\$ 1,320</u>
215.19	<u>106,100 to 109,780</u>	<u>2.5 percent</u>	<u>45 percent</u>	<u>\$ 1,080</u>
215.20	<u>109,780 to 114,210</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 870</u>
215.21	<u>114,210 to 118,650</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 620</u>

215.22 The payment made to a claimant shall be the amount of the state refund calculated under
 215.23 this subdivision. No payment is allowed if the claimant's household income is ~~\$113,150~~
 215.24 \$118,650 or more.

215.25 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes
 215.26 payable after December 31, 2021.

215.27 Sec. 8. Minnesota Statutes 2020, section 290A.04, subdivision 2a, is amended to read:

215.28 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the
 215.29 percentage of the household income stated below must pay an amount equal to the percent
 215.30 of income shown for the appropriate household income level along with the percent to be
 215.31 paid by the claimant of the remaining amount of rent constituting property taxes. The state
 215.32 refund equals the amount of rent constituting property taxes that remain, up to the maximum
 215.33 state refund amount shown below.

				<u>Maximum</u>
			<u>Percent Paid by</u>	<u>State</u>
	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
216.1				
216.2				
216.3				
216.4	\$0 to 5,269	1.0 percent	5 percent	\$ 2,150
216.5	5,270 to 6,999	1.0 percent	10 percent	\$ 2,150
216.6	7,000 to 8,749	1.1 percent	10 percent	\$ 2,090
216.7	8,750 to 12,269	1.2 percent	10 percent	\$ 2,040
216.8	12,270 to 15,779	1.3 percent	15 percent	\$ 1,980
216.9	15,780 to 17,519	1.4 percent	15 percent	\$ 1,930
216.10	17,520 to 19,259	1.4 percent	20 percent	\$ 1,880
216.11	19,260 to 22,779	1.5 percent	20 percent	\$ 1,820
216.12	22,780 to 24,529	1.6 percent	20 percent	\$ 1,770
216.13	24,530 to 26,279	1.7 percent	25 percent	\$ 1,770
216.14	26,280 to 29,789	1.8 percent	25 percent	\$ 1,770
216.15	29,790 to 31,529	1.9 percent	30 percent	\$ 1,770
216.16	31,530 to 36,789	2.0 percent	30 percent	\$ 1,770
216.17	36,790 to 42,039	2.0 percent	35 percent	\$ 1,770
216.18	42,040 to 49,059	2.0 percent	40 percent	\$ 1,770
216.19	49,060 to 50,799	2.0 percent	45 percent	\$ 1,610
216.20	50,800 to 52,559	2.0 percent	45 percent	\$ 1,450
216.21	52,560 to 54,319	2.0 percent	45 percent	\$ 1,230
216.22	54,320 to 56,059	2.0 percent	50 percent	\$ 1,070
216.23	56,060 to 57,819	2.0 percent	50 percent	\$ 970
216.24	57,820 to 59,569	2.0 percent	50 percent	\$ 540
216.25	59,570 to 61,319	2.0 percent	50 percent	\$ 210
216.26				<u>Maximum</u>
216.27			<u>Percent Paid by</u>	<u>State</u>
216.28	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
216.29	<u>\$0 to 5,530</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,250</u>
216.30	<u>5,530 to 7,340</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,250</u>
216.31	<u>7,340 to 9,180</u>	<u>1.1 percent</u>	<u>5 percent</u>	<u>\$ 2,190</u>
216.32	<u>9,180 to 12,870</u>	<u>1.2 percent</u>	<u>5 percent</u>	<u>\$ 2,140</u>
216.33	<u>12,870 to 16,550</u>	<u>1.3 percent</u>	<u>10 percent</u>	<u>\$ 2,080</u>
216.34	<u>16,550 to 18,370</u>	<u>1.4 percent</u>	<u>10 percent</u>	<u>\$ 2,020</u>
216.35	<u>18,370 to 20,200</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 1,970</u>
216.36	<u>20,200 to 23,890</u>	<u>1.5 percent</u>	<u>15 percent</u>	<u>\$ 1,910</u>
216.37	<u>23,890 to 25,720</u>	<u>1.6 percent</u>	<u>15 percent</u>	<u>\$ 1,860</u>
216.38	<u>25,720 to 27,560</u>	<u>1.7 percent</u>	<u>20 percent</u>	<u>\$ 1,860</u>
216.39	<u>27,560 to 31,240</u>	<u>1.8 percent</u>	<u>20 percent</u>	<u>\$ 1,860</u>

217.1	<u>31,240 to 33,060</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 1,860</u>
217.2	<u>33,060 to 38,580</u>	<u>2.0 percent</u>	<u>25 percent</u>	<u>\$ 1,860</u>
217.3	<u>38,580 to 44,080</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,860</u>
217.4	<u>44,080 to 51,440</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,860</u>
217.5	<u>51,440 to 53,270</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,690</u>
217.6	<u>53,270 to 55,100</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,520</u>
217.7	<u>55,100 to 56,960</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,290</u>
217.8	<u>56,960 to 58,780</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,120</u>
217.9	<u>58,780 to 60,630</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,020</u>
217.10	<u>60,630 to 62,470</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 570</u>
217.11	<u>62,470 to 64,300</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 220</u>

217.12 The payment made to a claimant is the amount of the state refund calculated under this
 217.13 subdivision. No payment is allowed if the claimant's household income is ~~\$61,320~~ \$64,300
 217.14 or more.

217.15 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after
 217.16 December 31, 2020.

217.17 Sec. 9. Minnesota Statutes 2020, section 297E.021, subdivision 4, is amended to read:

217.18 Subd. 4. **Appropriation; general reserve account.** To the extent the commissioner
 217.19 determines that revenues are available under subdivision 3 for the fiscal year, those amounts
 217.20 are appropriated from the general fund for deposit in a general reserve account established
 217.21 by order of the commissioner of management and budget until the amount in the reserve is
 217.22 equal to \$100,000,000. Amounts in this reserve are appropriated as necessary for application
 217.23 against any shortfall in the amounts deposited to the general fund under section 297A.994
 217.24 or, after consultation with the Legislative Commission on Planning and Fiscal Policy,
 217.25 amounts in this reserve are appropriated to the commissioner of management and budget
 217.26 for other uses related to the stadium authorized under section 473J.03, subdivision 8, that
 217.27 the commissioner deems financially prudent including but not limited to reimbursements
 217.28 for capital and operating costs relating to the stadium, refundings, and prepayment of debt.
 217.29 In no event, shall available revenues be pledged, nor shall the appropriations of available
 217.30 revenues made by this section constitute a pledge of available revenues as security for the
 217.31 prepayment of principal and interest on the appropriation bonds under section 16A.965.

217.32 Sec. 10. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

217.33 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A
 217.34 cigarette or tobacco products distributor having a liability of \$250,000 or more during a

218.1 fiscal year ending June 30, shall remit the June liability for the next year in the following
218.2 manner:

218.3 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the
218.4 distributor shall remit the actual May liability and 87.5 percent of the estimated June liability
218.5 to the commissioner and file the return in the form and manner prescribed by the
218.6 commissioner. Two business days before June 30 of calendar year 2022 and each calendar
218.7 year thereafter, the distributor must remit the actual May liability and 84.5 percent, or a
218.8 reduced percentage as certified by the commissioner under section 16A.152, subdivision
218.9 2, paragraph (a), clause (6), of the estimated June liability to the commissioner and file the
218.10 return in the form and manner prescribed by the commissioner.

218.11 (b) On or before August 18 of the year, the distributor shall submit a return showing the
218.12 actual June liability and pay any additional amount of tax not remitted in June. A penalty
218.13 is imposed equal to ten percent of the amount of June liability required to be paid in June,
218.14 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
218.15 in June equals the lesser of:

218.16 (1) for calendar year 2021, 87.5 percent of the actual June liability for the that calendar
218.17 year 2020 and 2021 June liabilities and 84.5 of the actual June liability for June 2022 and
218.18 thereafter or 87.5 percent of the May liability for that calendar year; or

218.19 (2) 87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June
218.20 liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter. for
218.21 calendar year 2022 and each calendar year thereafter, 84.5 percent, or a reduced percentage
218.22 as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause
218.23 (6), of the actual June liability for that calendar year or 84.5 percent, or a reduced percentage
218.24 as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause
218.25 (6), of the May liability for that calendar year.

218.26 (c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
218.27 ~~vendor must remit by two business days before June 30 is 84.5 percent. This subdivision~~
218.28 expires after the percentage of estimated payment is reduced to zero in accordance with
218.29 section 16A.152, subdivision 2, paragraph (a), clause (6).

218.30 **EFFECTIVE DATE.** This section is effective for estimate payments required to be
218.31 made after July 1, 2021.

219.1 Sec. 11. Minnesota Statutes 2020, section 297F.10, subdivision 1, is amended to read:

219.2 Subdivision 1. **Tax and use tax on cigarettes.** Revenue received from cigarette taxes,
219.3 as well as related penalties, interest, license fees, and miscellaneous sources of revenue
219.4 shall be deposited by the commissioner in the state treasury and credited as follows:

219.5 (1) \$22,250,000 each year must be credited to the Academic Health Center special
219.6 revenue fund hereby created and is annually appropriated to the Board of Regents at the
219.7 University of Minnesota for Academic Health Center funding at the University of Minnesota;
219.8 and

219.9 (2) \$3,937,000 each year must be credited to the medical education and research costs
219.10 account hereby created in the special revenue fund and is annually appropriated to the
219.11 commissioner of health for distribution under section 62J.692, subdivision 4; and

219.12 (3) \$15,000,000 each year must be credited to the tobacco use prevention and cessation
219.13 account hereby created in the special revenue fund and is annually appropriated to the
219.14 commissioner of health for tobacco use prevention and cessation projects consistent with
219.15 the duties specified in section 144.392; a public information program under section 144.393;
219.16 the development of health promotion and health education materials about tobacco use
219.17 prevention and cessation; tobacco use prevention activities under section 144.396; and
219.18 statewide tobacco cessation services under section 144.397. In activities funded under this
219.19 clause, the commissioner of health must prioritize preventing youth use of commercial
219.20 tobacco and electronic delivery devices, must promote racial and health equity, and must
219.21 use strategies that are evidence-based or based on promising practices. For purposes of this
219.22 clause, "tobacco" and "electronic delivery device" have the meanings given in section
219.23 609.685, subdivision 1. This clause expires after the deposit made in fiscal year 2029; and

219.24 ~~(3)~~ (4) the balance of the revenues derived from taxes, penalties, and interest (under this
219.25 chapter) and from license fees and miscellaneous sources of revenue shall be credited to
219.26 the general fund.

219.27 **EFFECTIVE DATE.** This section is effective for revenue received after June 30, 2021.

219.28 Sec. 12. Minnesota Statutes 2020, section 297G.09, subdivision 9, is amended to read:

219.29 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter
219.30 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the
219.31 June liability for the next year in the following manner:

219.32 (a) Two business days before June 30 of calendar ~~years 2020 and year~~ year 2021, the taxpayer
219.33 shall remit the actual May liability and 87.5 percent of the estimated June liability to the

220.1 commissioner and file the return in the form and manner prescribed by the commissioner.
 220.2 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,
 220.3 the distributor must remit the actual May liability and 84.5 percent, or a reduced percentage
 220.4 as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause
 220.5 (6), of the estimated June liability to the commissioner and file the return in the form and
 220.6 manner prescribed by the commissioner.

220.7 (b) On or before August 18 of the year, the taxpayer shall submit a return showing the
 220.8 actual June liability and pay any additional amount of tax not remitted in June. A penalty
 220.9 is imposed equal to ten percent of the amount of June liability required to be paid in June
 220.10 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
 220.11 in June equals the lesser of:

220.12 (1) for calendar year 2021, 87.5 percent of the actual June liability for the that calendar
 220.13 year 2020 and 2021 June liabilities and 84.5 percent of the actual June liability for June
 220.14 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

220.15 (2) ~~87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June~~
 220.16 ~~liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter. for~~
 220.17 calendar year 2022 and thereafter, 84.5 percent, or a reduced percentage as certified by the
 220.18 commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the actual
 220.19 June liability for that calendar year or 84.5 percent, or a reduced percentage as certified by
 220.20 the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the
 220.21 May liability for that calendar year.

220.22 (c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
 220.23 ~~vendor must remit by two business days before June 30 is 84.5 percent. This subdivision~~
 220.24 expires after the percentage of estimated payment is reduced to zero in accordance with
 220.25 section 16A.152, subdivision 2, paragraph (a), clause (6).

220.26 **EFFECTIVE DATE.** This section is effective for estimate payments required to be
 220.27 made after July 1, 2021.

220.28 Sec. 13. **[428B.01] DEFINITIONS.**

220.29 Subdivision 1. **Applicability.** As used in sections 428B.01 to 428B.09, the terms in this
 220.30 section have the meanings given them.

220.31 Subd. 2. **Activity.** "Activity" means but is not limited to all of the following:

220.32 (1) promotion of tourism within the district;

221.1 (2) promotion of business activity, including but not limited to tourism, of businesses
 221.2 subject to the service charge within the tourism improvement district;

221.3 (3) marketing, sales, and economic development; and

221.4 (4) other services provided for the purpose of conferring benefits upon businesses located
 221.5 in the tourism improvement district that are subject to the tourism improvement district
 221.6 service charge.

221.7 Subd. 3. **Business.** "Business" means the type or class of lodging business that is
 221.8 described in the municipality's ordinance, which benefits from district activities, adopted
 221.9 under section 428B.02.

221.10 Subd. 4. **Business owner.** "Business owner" means a person recognized by a municipality
 221.11 as the owner of a business.

221.12 Subd. 5. **City.** "City" means a home rule charter or statutory city.

221.13 Subd. 6. **Clerk.** "Clerk" means the chief clerical officer of the municipality.

221.14 Subd. 7. **Governing body.** "Governing body" means, with respect to a city, a city council
 221.15 or other governing body of a city. With respect to a town, governing body means a town
 221.16 board or other governing body of a town. With respect to a county, governing body means
 221.17 a board of commissioners or other governing body of a county.

221.18 Subd. 8. **Impacted business owners.** "Impacted business owners" means a majority of
 221.19 business owners located within a tourism improvement district.

221.20 Subd. 9. **Municipality.** "Municipality" means a county, city, or town.

221.21 Subd. 10. **Tourism improvement association.** "Tourism improvement association"
 221.22 means a new or existing and tax-exempt nonprofit corporation, entity, or agency charged
 221.23 with promoting tourism within the tourism improvement district and that is under contract
 221.24 with the municipality to administer the tourism improvement district and implement the
 221.25 activities and improvements listed in the municipality's ordinance.

221.26 Subd. 11. **Tourism improvement district.** "Tourism improvement district" means a
 221.27 tourism improvement district established under this chapter.

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

222.1 Sec. 14. [428B.02] ESTABLISHMENT OF TOURISM IMPROVEMENT DISTRICT.

222.2 Subdivision 1. Ordinance. (a) Upon a petition by impacted business owners, a governing
222.3 body of a municipality may adopt an ordinance establishing a tourism improvement district
222.4 after holding a public hearing on the district. The ordinance must include:

222.5 (1) a map that identifies the tourism improvement district boundaries in sufficient detail
222.6 to allow a business owner to reasonably determine whether a business is located within the
222.7 tourism improvement district boundaries;

222.8 (2) the name of the tourism improvement association designated to administer the tourism
222.9 improvement district and implement the approved activities and improvements;

222.10 (3) a list of the proposed activities and improvements in the tourism improvement district;

222.11 (4) the time and manner of collecting the service charge and any interest and penalties
222.12 for nonpayment;

222.13 (5) a definition describing the type or class of businesses to be included in the tourism
222.14 improvement district and subject to the service charge;

222.15 (6) the rate, method, and basis of the service charge for the district, including the portion
222.16 dedicated to covering expenses listed in subdivision 4, paragraph (b); and

222.17 (7) the number of years the service charge will be in effect.

222.18 (b) If the boundaries of a proposed tourism improvement district overlap with the
222.19 boundaries of an existing special service district, the tourism improvement district ordinance
222.20 may list measures to avoid any impediments on the ability of the special service district to
222.21 continue to provide its services to benefit its property owners.

222.22 Subd. 2. Notice. A municipality must provide notice of the hearing by publication in at
222.23 least two issues of the official newspaper of the municipality. The two publications must
222.24 be two weeks apart and the municipality must hold the hearing at least three days after the
222.25 last publication. Not less than ten days before the hearing, the municipality must mail notice
222.26 to the business owner of each business subject to the proposed service charge by the tourism
222.27 improvement district. The notice must include:

222.28 (1) a map showing the boundaries of the proposed district;

222.29 (2) the time and place of the public hearing;

222.30 (3) a statement that all interested persons will be given an opportunity to be heard at the
222.31 hearing regarding the proposed service charge; and

223.1 (4) a brief description of the proposed activities, improvements, and service charge.

223.2 Subd. 3. **Business owner determination.** A business must provide ownership information
223.3 to the municipality. A municipality has no obligation to obtain other information regarding
223.4 the ownership of businesses, and its determination of ownership shall be final for the purposes
223.5 of this chapter. If this chapter requires the signature of a business owner, the signature of
223.6 the authorized representative of a business owner is sufficient.

223.7 Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a
223.8 service charge on a business pursuant to this chapter for the purpose of providing activities
223.9 and improvements that will provide benefits to a business that is located within the tourism
223.10 improvement district and subject to the tourism improvement district service charge. Each
223.11 business paying a service charge within a district must benefit directly or indirectly from
223.12 improvements provided by a tourism improvement association, provided, however, the
223.13 business need not benefit equally. Service charges must be based on a percent of gross
223.14 business revenue, a fixed dollar amount per transaction, or any other reasonable method
223.15 based upon benefit and approved by the municipality.

223.16 (b) Service charges may be used to cover the costs of collections, as well as other
223.17 administrative costs associated with operating, forming, or maintaining the district.

223.18 Subd. 5. **Public hearing.** At the public hearing regarding the adoption of the ordinance
223.19 establishing a tourism improvement district, business owners and persons affected by the
223.20 proposed district may testify on issues relevant to the proposed district. The hearing may
223.21 be adjourned from time to time. The ordinance establishing the district may be adopted at
223.22 any time within six months after the date of the conclusion of the hearing by a vote of the
223.23 majority of the governing body of the municipality.

223.24 Subd. 6. **Appeal to district court.** Within 45 days after the adoption of the ordinance
223.25 establishing a tourism improvement district, a person aggrieved, who is not precluded by
223.26 failure to object before or at the public hearing, may appeal to the district court by serving
223.27 a notice on the clerk of the municipality or governing body. The validity of the tourism
223.28 improvement district and the service charge imposed under this chapter shall not be contested
223.29 in an action or proceeding unless the action or proceeding is commenced within 45 days
223.30 after the adoption of the ordinance establishing a tourism improvement district. The petitioner
223.31 must file notice with the court administrator of the district court within ten days after its
223.32 service. The clerk of the municipality must provide the petitioner with a certified copy of
223.33 the findings and determination of the governing body. The court may affirm the action
223.34 objected to or, if the petitioner's objections have merit, modify or cancel it. If the petitioner

224.1 does not prevail on the appeal, the costs incurred shall be taxed to the petitioner by the court
224.2 and judgment entered for them. All objections shall be deemed waived unless presented on
224.3 appeal.

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

224.5 Sec. 15. **[428B.03] SERVICE CHARGE AUTHORITY; NOTICE; HEARING**
224.6 **REQUIREMENT.**

224.7 Subdivision 1. **Authority.** A municipality may impose service charges authorized under
224.8 section 428B.02, subdivision 4, to finance an activity or improvement in the tourism
224.9 improvement district that is provided by the municipality if the activity or improvement is
224.10 provided in the tourism improvement district at an increased level of service. The service
224.11 charges may be imposed in the amount needed to pay for the increased level of service
224.12 provided by the activity or improvement.

224.13 Subd. 2. **Annual hearing requirement; notice.** Beginning one year after the
224.14 establishment of the tourism improvement district, the municipality must hold an annual
224.15 hearing regarding continuation of the service charges in the tourism improvement district.
224.16 The municipality must provide notice of the hearing by publication in the official newspaper
224.17 at least seven days before the hearing. The municipality must mail notice of the hearing to
224.18 business owners subject to the service charge at least seven days before the hearing. At the
224.19 public hearing, a person affected by the proposed district may testify on issues relevant to
224.20 the proposed district. Within six months of the public hearing, the municipality may adopt
224.21 a resolution to continue imposing service charges within the district not exceeding the
224.22 amount or rate expressed in the notice. For purposes of this section, the notice must include:

224.23 (1) a map showing the boundaries of the district;

224.24 (2) the time and place of the public hearing;

224.25 (3) a statement that all interested persons will be given an opportunity to be heard at the
224.26 hearing regarding the proposed service charge;

224.27 (4) a brief description of the proposed activities and improvements;

224.28 (5) the estimated annual amount of proposed expenditures for activities and
224.29 improvements;

224.30 (6) the rate of the service charge for the district during the year and the nature and
224.31 character of the proposed activities and improvements for the district during the year in
224.32 which service charges are collected;

225.1 (7) the number of years the service charge will be in effect; and

225.2 (8) a statement that the petition requirement of section 428B.07 has either been met or
225.3 does not apply to the proposed service charge.

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

225.5 Sec. 16. **[428B.04] MODIFICATION OF ORDINANCE.**

225.6 **Subdivision 1. Adoption of ordinance; request for modification.** Upon written request
225.7 of the tourism improvement association, the governing body of a municipality may adopt
225.8 an ordinance to modify the district after conducting a public hearing on the proposed
225.9 modifications. If the modification includes a change to the rate, method, and basis of
225.10 imposing the service charge or the expansion of the tourism improvement district's geographic
225.11 boundaries, a petition as described in section 428B.07 must be submitted by impacted
225.12 business owners to initiate proceedings for modification.

225.13 **Subd. 2. Notice of modification.** A municipality must provide notice of the hearing by
225.14 publication in at least two issues of the municipality's official newspaper. The two
225.15 publications must be two weeks apart and the municipality must hold a hearing at least three
225.16 days after the last publication. Not less than ten days before the hearing, the municipality
225.17 must mail notice to the business owner of each business subject to the service charge by
225.18 the tourism improvement district. The notice must include:

225.19 (1) a map showing the boundaries of the district;

225.20 (2) the time and place of the public hearing;

225.21 (3) a statement that all interested persons will be given an opportunity to be heard at the
225.22 hearing regarding the proposed service charge; and

225.23 (4) a brief description of the proposed modification to the ordinance.

225.24 **Subd. 3. Hearing on modification.** At the public hearing regarding modification to the
225.25 ordinance, a person affected by the proposed modification may testify on issues relevant to
225.26 the proposed modification. Within six months after the conclusion of the hearing, the
225.27 municipality may adopt the ordinance modifying the district by a vote of the majority of
225.28 the governing body in accordance with the request for modification by the tourism
225.29 improvement association and as described in the notice.

225.30 **Subd. 4. Objection.** If the modification of the ordinance includes the expansion of the
225.31 tourism improvement district's geographic boundaries, the ordinance modifying the district
225.32 may be adopted after following the notice and veto requirements in section 428B.08;

226.1 however, a successful objection will be determined based on a majority of business owners
226.2 who will pay the service charge in the expanded area of the district. For all other
226.3 modifications, the ordinance modifying the district may be adopted following the notice
226.4 and veto requirements in section 428B.08.

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

226.6 Sec. 17. **[428B.05] COLLECTION OF SERVICE CHARGES; PENALTIES.**

226.7 The service charges imposed under this chapter may be collected by the municipality,
226.8 tourism improvement association, or other designated agency or entity. Collection of the
226.9 service charges must be made at the time and in the manner set forth in the ordinance. The
226.10 entity collecting the service charges may charge interest and penalties on delinquent payments
226.11 for service charges imposed under this chapter as set forth in the municipality's ordinance.

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

226.13 Sec. 18. **[428B.06] TOURISM IMPROVEMENT ASSOCIATION.**

226.14 Subdivision 1. **Composition and duties.** The tourism improvement association must
226.15 be designated in the municipality's ordinance. The tourism improvement association shall
226.16 appoint a governing board or committee composed of a majority of business owners who
226.17 pay the tourism improvement district service charge, or the representatives of those business
226.18 owners. The governing board or committee must manage the funds raised by the tourism
226.19 improvement district and fulfill the obligations of the tourism improvement district. A
226.20 tourism improvement association has full discretion to select the specific activities and
226.21 improvements that are funded with tourism improvement district service charges within the
226.22 authorized activities and improvements described in the ordinance.

226.23 Subd. 2. **Annual report.** The tourism improvement association must submit to the
226.24 municipality an annual report for each year in which a service charge is imposed. The report
226.25 must include a financial statement of revenue raised by the district. The municipality may
226.26 also, as part of the enabling ordinance, require the submission of other relevant information
226.27 related to the association.

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

227.1 Sec. 19. **[428B.07] PETITION REQUIRED.**

227.2 A municipality may not establish a tourism improvement district under section 428B.02
227.3 unless impacted business owners file a petition requesting a public hearing on the proposed
227.4 action with the clerk of the municipality.

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

227.6 Sec. 20. **[428B.08] VETO POWER OF OWNERS.**

227.7 Subdivision 1. **Notice of right to file objections.** The effective date of an ordinance or
227.8 resolution adopted under this chapter must be at least 45 days after it is adopted by the
227.9 municipality. Within five days after the municipality adopts the ordinance or resolution,
227.10 the municipality must mail a summary of the ordinance or resolution to each business owner
227.11 subject to the service charge within the tourism improvement district in the same manner
227.12 that notice is mailed under section 428B.02. The mailing must include a notice that business
227.13 owners subject to the service charge have the right to veto, by a simple majority, the
227.14 ordinance or resolution by filing the required number of objections with the clerk of the
227.15 municipality before the effective date of the ordinance or resolution and include notice that
227.16 a copy of the ordinance or resolution is available for public inspection with the clerk of the
227.17 municipality.

227.18 Subd. 2. **Requirements for veto.** If impacted business owners file an objection to the
227.19 ordinance or resolution before the effective date of the ordinance or resolution, the ordinance
227.20 or resolution does not become effective.

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

227.22 Sec. 21. **[428B.09] DISESTABLISHMENT.**

227.23 Subdivision 1. **Procedure for disestablishment.** An ordinance adopted under this chapter
227.24 must provide a 30-day period each year in which business owners subject to the service
227.25 charge may request disestablishment of the district. Beginning one year after establishment
227.26 of the tourism improvement district, an annual 30-day period of disestablishment begins
227.27 with the anniversary of the date of establishment. Upon submission of a petition from
227.28 impacted business owners, the municipality may disestablish a tourism improvement district
227.29 by adopting an ordinance after holding a public hearing on the disestablishment. Prior to
227.30 the public hearing, the municipality must publish notice of the public hearing on
227.31 disestablishment in at least two issues of the municipality's official newspaper. The two
227.32 publications must be two weeks apart and the municipality must hold the hearing at least

228.1 three days after the last publication. Not less than ten days before the hearing, the
228.2 municipality must mail notice to the business owner of each business subject to the service
228.3 charge. The notice must include:

228.4 (1) the time and place of the public hearing;

228.5 (2) a statement that all interested persons will be given an opportunity to be heard at the
228.6 hearing regarding disestablishment;

228.7 (3) the reason for disestablishment; and

228.8 (4) a proposal to dispose of any assets acquired with the revenues of the service charge
228.9 imposed under the tourism improvement district.

228.10 Subd. 2. **Objection.** An ordinance disestablishing the tourism improvement district
228.11 becomes effective following the notice and veto requirements in section 428B.08.

228.12 Subd. 3. **Refund to business owners.** (a) Upon the disestablishment of a tourism
228.13 improvement district, any remaining revenues derived from the service charge, or any
228.14 revenues derived from the sale of assets acquired with the service charge revenues, shall
228.15 be refunded to business owners located and operating within the tourism improvement
228.16 district in which service charges were imposed by applying the same method and basis that
228.17 was used to calculate the service charges levied in the fiscal year in which the district is
228.18 disestablished.

228.19 (b) If the disestablishment occurs before the service charge is imposed for the fiscal
228.20 year, the method and basis that was used to calculate the service charge imposed in the
228.21 immediate prior fiscal year shall be used to calculate the amount of a refund, if any.

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

228.23 Sec. 22. **[428B.10] COORDINATION OF DISTRICTS.**

228.24 If a county establishes a tourism improvement district in a city or town under this chapter,
228.25 a city or town may not establish a tourism improvement district in the part of the city or
228.26 town located in the county-established district. If a city or town establishes a tourism
228.27 improvement district under this chapter, a county may not establish a tourism improvement
228.28 district in the part of the city or town located in the city- or town-established district.

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

229.1 Sec. 23. Minnesota Statutes 2020, section 462A.38, is amended to read:

229.2 **462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP**
229.3 **DEVELOPMENT PROGRAM.**

229.4 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
229.5 program is established to award homeownership development grants and loans to cities,
229.6 counties, Tribal governments, nonprofit organizations, cooperatives created under chapter
229.7 308A or 308B, and community land trusts created for the purposes outlined in section
229.8 462A.31, subdivision 1, for development of workforce and affordable homeownership
229.9 projects. The purpose of the program is to increase the supply of workforce and affordable,
229.10 owner-occupied multifamily or single-family housing throughout Minnesota.

229.11 Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be
229.12 used for:

229.13 (1) development costs;

229.14 (2) rehabilitation;

229.15 (3) land development; and

229.16 (4) residential housing, including storm shelters and related community facilities.

229.17 (b) A project funded through ~~the grant~~ this program shall serve households that meet
229.18 the income limits as provided in section 462A.33, subdivision 5, unless a project is intended
229.19 for the purpose outlined in section 462A.02, subdivision 6.

229.20 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting
229.21 and reviewing applications for grants and loans under this section. The commissioner shall
229.22 consult with interested stakeholders when developing the guidelines and procedures for the
229.23 program. In making grants and loans, the commissioner shall establish semiannual application
229.24 deadlines in which grants and loans will be authorized from all or part of the available
229.25 appropriations.

229.26 Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must
229.27 be given to proposals that include contributions from nonstate resources for the greatest
229.28 portion of the total development cost.

229.29 Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in
229.30 approximately equal amounts to applicants outside and within the metropolitan area, as
229.31 defined in section 473.121, subdivision 2.

230.1 Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2022, the commissioner must annually
230.2 submit a report to the chairs and ranking minority members of the senate and house of
230.3 representatives committees having jurisdiction over housing and workforce development
230.4 specifying the projects that received grants and loans under this section and the specific
230.5 purposes for which the grant or loan funds were used.

230.6 Subd. 7. **Workforce and affordable homeownership development account.** A
230.7 workforce and affordable homeownership development account is established in the housing
230.8 development fund. Money in the account, including interest, is appropriated to the
230.9 commissioner of the Housing Finance Agency for the purposes of this section. The amount
230.10 appropriated under this section must supplement traditional sources of funding for this
230.11 purpose and must not be used as a substitute or to pay debt service on bonds.

230.12 Subd. 8. **Deposits; funding amount.** (a) In fiscal years 2022 to 2029, an amount equal
230.13 to \$15,000,000 of the state's portion of the proceeds derived from the mortgage registry tax
230.14 imposed under section 287.035 and the deed tax imposed under section 287.21 is appropriated
230.15 from the general fund to the commissioner of the Housing Finance Agency to transfer to
230.16 the housing development fund for deposit into the workforce and affordable homeownership
230.17 development account. The appropriation must be made annually by September 15.

230.18 (b) All loan repayments received under this section are to be deposited into the workforce
230.19 and affordable homeownership development account in the housing development fund.

230.20 (c) This subdivision expires September 16, 2028.

230.21 **EFFECTIVE DATE.** This section is effective July 1, 2021.

230.22 Sec. 24. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

230.23 (a) No later than January 15, 2022, the commissioner of revenue, in consultation with
230.24 the Minnesota Housing Finance Agency, must produce a report on class 4d property, as
230.25 defined in Minnesota Statutes, section 273.13, subdivision 25, and on local 4d affordable
230.26 housing programs. The commissioner must provide a copy of the report to the chairs and
230.27 ranking minority members of the legislative committees with jurisdiction over property
230.28 taxation. The report must comply with the requirements of Minnesota Statutes, sections
230.29 3.195 and 3.197. The report must include the following:

230.30 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
230.31 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties
230.32 under each clause:

- 231.1 (i) the number of units classified as 4d in each property in the previous assessment year
231.2 as reported by each county;
- 231.3 (ii) the number of units not classified as 4d in each property in the previous assessment
231.4 year;
- 231.5 (iii) the property tax paid in 2021;
- 231.6 (iv) the property tax reduction in 2021 resulting from the property being classified as
231.7 4d rather than 4a; and
- 231.8 (v) the total number of 4d units in each of the last ten years; and
- 231.9 (2) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
231.10 section 273.128, subdivision 1, clauses (1) to (4):
- 231.11 (i) the percent change in each political subdivision's net tax capacity if the first-tier class
231.12 rate of the 4d classification was reduced from 0.75 percent to 0.25 percent;
- 231.13 (ii) the number of 4d properties located within tax increment financing districts, and the
231.14 impact on increment generation in those districts as a result of these properties being
231.15 classified as 4d rather than 4a;
- 231.16 (iii) the impact that a 4d class rate reduction from 0.75 percent to 0.25 percent for the
231.17 entire valuation would have on the property tax burden for homestead property;
- 231.18 (iv) the total number of 4d units whose value qualifies for the second tier in each year
231.19 since 2019;
- 231.20 (v) the impact that a reduction of the 4d class rate from 0.75 percent to 0.25 percent for
231.21 the entire valuation would have on property tax refunds received by renters and on property
231.22 tax refunds received by homeowners in jurisdictions that contain 4d property; and
- 231.23 (vi) a profile of income limits and area median incomes used in Minnesota by the United
231.24 States Department of Housing and Urban Development to determine the eligibility for
231.25 assisted housing programs.
- 231.26 (b) Counties must report to the commissioner of revenue any data required by paragraph
231.27 (a), clauses (1) and (2), by November 1, 2021.
- 231.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

232.1 Sec. 25. **BUDGET RESERVE REDUCTION.**

232.2 On July 1, 2021, the balance of the budget reserve account established in Minnesota
232.3 Statutes, section 16A.152, subdivision 1a, is reduced by \$150,000,000. This reduction is in
232.4 addition to any other reduction authorized in law.

232.5 Sec. 26. **APPROPRIATIONS; FIRE REMEDIATION GRANTS.**

232.6 Subdivision 1. City of Melrose. \$643,729 in fiscal year 2022 is appropriated from the
232.7 general fund to the commissioner of revenue for a grant to the city of Melrose to remediate
232.8 the effects of fires in the city on September 8, 2016. This appropriation represents the
232.9 amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session
232.10 chapter 1, article 4, section 31.

232.11 Subd. 2. City of Alexandria. \$120,000 in fiscal year 2022 is appropriated from the
232.12 general fund to the commissioner of revenue for a grant to the city of Alexandria to remediate
232.13 the effects of the fire in the city on February 25, 2020.

232.14 Subd. 3. Allowed use. A grant recipient must use the money appropriated under this
232.15 section for remediation costs, including disaster recovery, infrastructure, reimbursement
232.16 for emergency personnel costs, reimbursement for equipment costs, and reimbursements
232.17 for property tax abatements, incurred by public or private entities as a result of the fires.
232.18 These appropriations are onetime and are available until June 30, 2023.

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

232.20 Sec. 27. **DEPARTMENT OF REVENUE FREE FILING REPORT.**

232.21 Subdivision 1. Report required. (a) By January 15, 2022, the commissioner of revenue
232.22 must provide a written report to the chairs and ranking minority members of the legislative
232.23 committees with jurisdiction over taxes. The report must comply with the requirements of
232.24 Minnesota Statutes, sections 3.195 and 3.197, and must also provide information on free
232.25 electronic filing options for preparing and filing Minnesota individual income tax returns.

232.26 (b) The commissioner must survey tax preparation software vendors for information on
232.27 a free electronic preparation and filing option for taxpayers to file Minnesota individual
232.28 income tax returns. The survey must request information from vendors that addresses the
232.29 following concerns:

232.30 (1) system development, capability, security, and costs for consumer-based tax filing
232.31 software;

233.1 (2) costs per return that would be charged to the state of Minnesota to provide an
 233.2 electronic individual income tax return preparation, submission, and payment remittance
 233.3 process;

233.4 (3) providing customer service and issue resolution to taxpayers using the software;

233.5 (4) providing and maintaining an appropriate link between the Department of Revenue
 233.6 and the Internal Revenue Service Modernized Electronic Filing Program;

233.7 (5) ensuring that taxpayer return information is maintained and protected as required by
 233.8 Minnesota Statutes, chapters 13 and 270B, Internal Revenue Service Publication 1075, and
 233.9 any other applicable requirements; and

233.10 (6) current availability of products for the free filing and submitting of both Minnesota
 233.11 and federal returns offered to customers and the income thresholds for using those products.

233.12 (c) The report by the commissioner must include at a minimum:

233.13 (1) a review of options that other states use for state electronic filing;

233.14 (2) an assessment of taxpayer needs for electronic filing, including current filing practices;

233.15 (3) an analysis of alternative options to provide free filing, such as tax credits, vendor
 233.16 incentives, or other benefits; and

233.17 (4) an analysis of the Internal Revenue Service Free File Program usage.

233.18 Subd. 2. **Appropriation.** \$175,000 in fiscal year 2022 is appropriated from the general
 233.19 fund to the commissioner of revenue for the free filing report required under this section.

233.20 This is a onetime appropriation.

233.21 Sec. 28. **APPROPRIATION; TAXPAYER RECEIPT.**

233.22 (a) \$100,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
 233.23 of management and budget to develop and publish the taxpayer receipt under Minnesota
 233.24 Statutes, section 16A.067. The base funding for this program is \$47,000 in fiscal year 2023
 233.25 and thereafter.

233.26 (b) \$19,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
 233.27 of revenue to coordinate with the commissioner of management and budget to provide
 233.28 information that meets the requirements of the taxpayer receipt under Minnesota Statutes,
 233.29 section 16A.067. The base funding is \$8,000 in fiscal year 2023 and thereafter.

234.1 **Sec. 29. FEDERAL FUNDS REPLACEMENT; APPROPRIATION.**

234.2 Notwithstanding any law to the contrary, the commissioner of management and budget
 234.3 must determine whether the expenditures authorized under this act are eligible uses of federal
 234.4 funding received under the Coronavirus State Fiscal Recovery Fund or any other federal
 234.5 funds received by the state under the American Rescue Plan Act, Public Law 117-2. If the
 234.6 commissioner of management and budget determines an expenditure is eligible for funding
 234.7 under Public Law 117-2, the amount of the eligible expenditure is appropriated from the
 234.8 account where those amounts have been deposited and the corresponding general fund
 234.9 amounts appropriated under this act are canceled to the general fund.

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

234.11

ARTICLE 14

234.12

**DEPARTMENT OF REVENUE POLICY AND TECHNICAL: INCOME AND
CORPORATE FRANCHISE TAXES**

234.13

234.14 Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

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

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

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

234.29 (d) The electing partner must not have any Minnesota source income other than the
 234.30 income from the partnership and other electing partnerships. If it is determined that the
 234.31 electing partner has other Minnesota source income, the inclusion of the income and tax
 234.32 liability for that partner under this provision will not constitute a return to satisfy the
 234.33 requirements of subdivision 1. The tax paid for the individual as part of the composite return

235.1 is allowed as a payment of the tax by the individual on the date on which the composite
235.2 return payment was made. If the electing nonresident partner has no other Minnesota source
235.3 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

235.23 (j) For the purposes of this subdivision, "income" means the partner's share of federal
235.24 adjusted gross income from the partnership modified by the additions provided in section
235.25 290.0131, subdivisions 8 to 10 ~~and~~, 16, and 17, and the subtractions provided in: (1) section
235.26 290.0132, ~~subdivision~~ subdivisions 9, 27, and 28, to the extent the amount is assignable or
235.27 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The
235.28 subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite
235.29 tax computation to the extent the electing partner would have been allowed the subtraction.

235.30 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
235.31 after December 31, 2015.

236.1 Sec. 2. Minnesota Statutes 2020, section 289A.09, subdivision 2, is amended to read:

236.2 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from
236.3 an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or
236.4 who would have been required to deduct and withhold a tax under section 290.92, subdivision
236.5 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined
236.6 without regard to section 290.92, subdivision 19, if the employee or payee had claimed no
236.7 more than one withholding ~~exemption~~ allowance, or who paid wages or made payments
236.8 not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision
236.9 2, to an employee or person receiving royalty payments in excess of \$600, or who has
236.10 entered into a voluntary withholding agreement with a payee under section 290.92,
236.11 subdivision 20, must give every employee or person receiving royalty payments in respect
236.12 to the remuneration paid by the person to the employee or person receiving royalty payments
236.13 during the calendar year, on or before January 31 of the succeeding year, or, if employment
236.14 is terminated before the close of the calendar year, within 30 days after the date of receipt
236.15 of a written request from the employee if the 30-day period ends before January 31, a written
236.16 statement showing the following:

236.17 (1) name of the person;

236.18 (2) the name of the employee or payee and the employee's or payee's Social Security
236.19 account number;

236.20 (3) the total amount of wages as that term is defined in section 290.92, subdivision 1,
236.21 paragraph (1); the total amount of remuneration subject to withholding under section 290.92,
236.22 subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal
236.23 Revenue Code; and the amount of royalties subject to withholding under section 290.923,
236.24 subdivision 2; and

236.25 (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a
236.26 or 3, or 290.923, subdivision 2.

236.27 (b) The statement required to be furnished by paragraph (a) with respect to any
236.28 remuneration must be furnished at those times, must contain the information required, and
236.29 must be in the form the commissioner prescribes.

236.30 (c) The commissioner may prescribe rules providing for reasonable extensions of time,
236.31 not in excess of 30 days, to employers or payers required to give the statements to their
236.32 employees or payees under this subdivision.

237.1 (d) A duplicate of any statement made under this subdivision and in accordance with
237.2 rules prescribed by the commissioner must be filed with the commissioner on or before
237.3 January 31 of the year after the payments were made.

237.4 (e) If an employer cancels the employer's Minnesota withholding account number required
237.5 by section 290.92, subdivision 24, the information required by paragraph (d), must be filed
237.6 with the commissioner within 30 days of the end of the quarter in which the employer
237.7 cancels its account number.

237.8 (f) The employer must submit the statements required to be sent to the commissioner.
237.9 The commissioner shall prescribe the content, format, and manner of the statement pursuant
237.10 to section 270C.30.

237.11 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph
237.12 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,
237.13 paragraph (a), with the commissioner by electronic means.

237.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
237.15 31, 2020.

237.16 Sec. 3. Minnesota Statutes 2020, section 290.0121, subdivision 3, is amended to read:

237.17 Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019,
237.18 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph
237.19 (b), and the threshold amounts in subdivision 2, as provided in section 270C.22. The statutory
237.20 year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest
237.21 \$50 amount. ~~If the amount ends in \$25, the amount is rounded down to the nearest \$50~~
237.22 ~~amount.~~ The threshold amount for married individuals filing separate returns must be one-half
237.23 of the adjusted amount for married individuals filing joint returns.

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

237.25 Sec. 4. Minnesota Statutes 2020, section 290.92, subdivision 1, is amended to read:

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

237.29 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period
237.30 for which a payment of wages is ordinarily made to the employee by the employee's
237.31 employer, and the term "miscellaneous payroll period" means a payroll period other than a

238.1 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll
238.2 period.

238.3 (3) **Employee.** For purposes of this section the term "employee" means any resident
238.4 individual performing services for an employer, either within or without, or both within and
238.5 without the state of Minnesota, and every nonresident individual performing services within
238.6 the state of Minnesota, the performance of which services constitute, establish, and determine
238.7 the relationship between the parties as that of employer and employee. As used in the
238.8 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,
238.9 employee, or elected official of the United States, a state, or any political subdivision thereof,
238.10 or the District of Columbia, or any agency or instrumentality of any one or more of the
238.11 foregoing.

238.12 (4) **Employer.** For purposes of this section the term "employer" means any person,
238.13 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,
238.14 and corporations transacting business in or deriving any income from sources within the
238.15 state of Minnesota for whom an individual performs or performed any service, of whatever
238.16 nature, as the employee of such person, except that if the person for whom the individual
238.17 performs or performed the services does not have control of the payment of the wages for
238.18 such services, the term "employer," except for purposes of paragraph (1), means the person
238.19 having control of the payment of such wages. As used in the preceding sentence, the term
238.20 "employer" includes any corporation, individual, estate, trust, or organization which is
238.21 exempt from taxation under section 290.05 and further includes, but is not limited to, officers
238.22 of corporations who have control, either individually or jointly with another or others, of
238.23 the payment of the wages.

238.24 (5) **Number of withholding ~~exemptions~~ allowances claimed.** For purposes of this
238.25 section, the term "number of withholding ~~exemptions~~ allowances claimed" means the number
238.26 of withholding ~~exemptions~~ allowances claimed in a withholding ~~exemption~~ allowances
238.27 certificate in effect under subdivision 5, except that if no such certificate is in effect, the
238.28 number of withholding ~~exemptions~~ allowances claimed shall be considered to be zero.

238.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
238.30 31, 2020.

238.31 Sec. 5. Minnesota Statutes 2020, section 290.92, subdivision 2a, is amended to read:

238.32 Subd. 2a. **Collection at source. (1) Deductions.** Every employer making payment of
238.33 wages shall deduct and withhold upon such wages a tax as provided in this section.

239.1 (2) **Withholding on payroll period.** The employer shall withhold the tax on the basis
239.2 of each payroll period or as otherwise provided in this section.

239.3 (3) **Withholding tables.** Unless the amount of tax to be withheld is determined as
239.4 provided in subdivision 3, the amount of tax to be withheld for each individual shall be
239.5 based upon tables to be prepared and distributed by the commissioner. The tables shall be
239.6 computed for the several permissible withholding periods and shall take account of
239.7 ~~exemptions~~ allowances allowed under this section; and the amounts computed for withholding
239.8 shall be such that the amount withheld for any individual during the individual's taxable
239.9 year shall approximate in the aggregate as closely as possible the tax which is levied and
239.10 imposed under this chapter for that taxable year, upon the individual's salary, wages, or
239.11 compensation for personal services of any kind for the employer.

239.12 (4) **Miscellaneous payroll period.** If wages are paid with respect to a period which is
239.13 not a payroll period, the amount to be deducted and withheld shall be that applicable in the
239.14 case of a miscellaneous payroll period containing a number of days, including Sundays and
239.15 holidays, equal to the number of days in the period with respect to which such wages are
239.16 paid.

239.17 (5) **Miscellaneous payroll period.** (a) In any case in which wages are paid by an
239.18 employer without regard to any payroll period or other period, the amount to be deducted
239.19 and withheld shall be that applicable in the case of a miscellaneous payroll period containing
239.20 a number of days equal to the number of days, including Sundays and holidays, which have
239.21 elapsed since the date of the last payment of such wages by such employer during the
239.22 calendar year, or the date of commencement of employment with such employer during
239.23 such year, or January 1 of such year, whichever is the later.

239.24 (b) In any case in which the period, or the time described in clause (a), in respect of any
239.25 wages is less than one week, the commissioner, under rules prescribed by the commissioner,
239.26 may authorize an employer to determine the amount to be deducted and withheld under the
239.27 tables applicable in the case of a weekly payroll period, in which case the aggregate of the
239.28 wages paid to the employee during the calendar week shall be considered the weekly wages.

239.29 (6) **Wages computed to nearest dollar.** If the wages exceed the highest bracket, in
239.30 determining the amount to be deducted and withheld under this subdivision, the wages may,
239.31 at the election of the employer, be computed to the nearest dollar.

239.32 (7) **Rules on withholding.** The commissioner may, by rule, authorize employers:

239.33 (a) to estimate the wages which will be paid to any employee in any quarter of the
239.34 calendar year;

240.1 (b) to determine the amount to be deducted and withheld upon each payment of wages
240.2 to such employee during such quarter as if the appropriate average of the wages so estimated
240.3 constituted the actual wages paid; and

240.4 (c) to deduct and withhold upon any payment of wages to such employee during such
240.5 quarter such amount as may be necessary to adjust the amount actually deducted and withheld
240.6 upon wages of such employee during such quarter to the amount required to be deducted
240.7 and withheld during such quarter without regard to this paragraph (7).

240.8 (8) **Additional withholding.** The commissioner is authorized to provide by rule for
240.9 increases or decreases in the amount of withholding otherwise required under this section
240.10 in cases where the employee requests the changes. Such additional withholding shall for
240.11 all purposes be considered tax required to be deducted and withheld under this section.

240.12 (9) **Tips.** In the case of tips which constitute wages, this subdivision shall be applicable
240.13 only to such tips as are included in a written statement furnished to the employer pursuant
240.14 to section 6053 of the Internal Revenue Code and only to the extent that the tax can be
240.15 deducted and withheld by the employer, at or after the time such statement is so furnished
240.16 and before the close of the calendar year in which such statement is furnished, from such
240.17 wages of the employee (excluding tips, but including funds turned over by the employee to
240.18 the employer for the purpose of such deduction and withholding) as are under the control
240.19 of the employer; and an employer who is furnished by an employee a written statement of
240.20 tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code
240.21 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such
240.22 tips from any wages of the employee (excluding tips) under the employer's control, even
240.23 though at the time such statement is furnished the total amount of the tips included in
240.24 statements furnished to the employer as having been received by the employee in such
240.25 calendar month in the course of employment by such employer is less than \$20. Such tax
240.26 shall not at any time be deducted and withheld in an amount which exceeds the aggregate
240.27 of such wages and funds as are under the control of the employer minus any tax required
240.28 by other provisions of state or federal law to be collected from such wages and funds.

240.29 (10) **Vehicle fringe benefits.** An employer shall not deduct and withhold any tax under
240.30 this section with respect to any vehicle fringe benefit provided to an employee if the employer
240.31 has so elected for federal purposes and the requirement of and the definition contained in
240.32 section 3402(s) of the Internal Revenue Code are complied with.

240.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
240.34 31, 2020.

241.1 Sec. 6. Minnesota Statutes 2020, section 290.92, subdivision 3, is amended to read:

241.2 Subd. 3. **Withholding, irregular period.** If payment of wages is made to an employee
241.3 by an employer

241.4 (a) With respect to a payroll period or other period, any part of which is included in a
241.5 payroll period or other period with respect to which wages are also paid to such employees
241.6 by such employer, or

241.7 (b) Without regard to any payroll period or other period, but on or prior to the expiration
241.8 of a payroll period or other period with respect to which wages are also paid to such employee
241.9 by such employer, or

241.10 (c) With respect to a period beginning in one and ending in another calendar year, or

241.11 (d) Through an agent, fiduciary, or other person who also has the control, receipt, custody,
241.12 or disposal of or pays, the wages payable by another employer to such employee.

241.13 The manner of withholding and the amount to be deducted and withheld under subdivision
241.14 2a shall be determined in accordance with rules prescribed by the commissioner under which
241.15 the withholding ~~exemption~~ allowance allowed to the employee in any calendar year shall
241.16 approximate the withholding ~~exemption~~ allowance allowable with respect to an annual
241.17 payroll period, except that if supplemental wages are not paid concurrent with a payroll
241.18 period the employer shall withhold tax on the supplemental payment at the rate of 6.25
241.19 percent as if no ~~exemption~~ allowance had been claimed.

241.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
241.21 31, 2020.

241.22 Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

241.23 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold
241.24 a tax as provided in paragraph (b) for nonresident individual partners based on their
241.25 distributive shares of partnership income for a taxable year of the partnership.

241.26 (b) The amount of tax withheld is determined by multiplying the partner's distributive
241.27 share allocable to Minnesota under section 290.17, paid or credited during the taxable year
241.28 by the highest rate used to determine the income tax liability for an individual under section
241.29 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the
241.30 commissioner if the partner submits a withholding ~~exemption~~ allowance certificate under
241.31 subdivision 5.

242.1 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the
242.2 partnership had reasonable cause to believe that no tax was due under this section.

242.3 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold
242.4 tax for a nonresident partner if:

242.5 (1) the partner elects to have the tax due paid as part of the partnership's composite return
242.6 under section 289A.08, subdivision 7;

242.7 (2) the partner has Minnesota assignable federal adjusted gross income from the
242.8 partnership of less than \$1,000; or

242.9 (3) the partnership is liquidated or terminated, the income was generated by a transaction
242.10 related to the termination or liquidation, and no cash or other property was distributed in
242.11 the current or prior taxable year;

242.12 (4) the distributive shares of partnership income are attributable to:

242.13 (i) income required to be recognized because of discharge of indebtedness;

242.14 (ii) income recognized because of a sale, exchange, or other disposition of real estate,
242.15 depreciable property, or property described in section 179 of the Internal Revenue Code;

242.16 or

242.17 (iii) income recognized on the sale, exchange, or other disposition of any property that
242.18 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of
242.19 the Internal Revenue Code

242.20 to the extent that the income does not include cash received or receivable or, if there is cash
242.21 received or receivable, to the extent that the cash is required to be used to pay indebtedness
242.22 by the partnership or a secured debt on partnership property; or

242.23 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the
242.24 Internal Revenue Code.

242.25 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
242.26 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an
242.27 employer.

242.28 (f) To the extent that income is exempt from withholding under paragraph (d), clause
242.29 (4), the commissioner has a lien in an amount up to the amount that would be required to
242.30 be withheld with respect to the income of the partner attributable to the partnership interest,
242.31 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63
242.32 from the date of assessment of the tax against the partner, and attaches to that partner's share

243.1 of the profits and any other money due or to become due to that partner in respect of the
243.2 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity
243.3 for recording the lien. The notice has the force and effect of a levy under section 270C.67,
243.4 and is enforceable against the partnership in the manner provided by that section. Upon
243.5 payment in full of the liability subsequent to the notice of lien, the partnership must be
243.6 notified that the lien has been satisfied.

243.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
243.8 31, 2020.

243.9 Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

243.10 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in
243.11 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)
243.12 for nonresident individual shareholders their share of the corporation's income for the taxable
243.13 year.

243.14 (b) The amount of tax withheld is determined by multiplying the amount of income
243.15 allocable to Minnesota under section 290.17 by the highest rate used to determine the income
243.16 tax liability of an individual under section 290.06, subdivision 2c, except that the amount
243.17 of tax withheld may be determined by the commissioner if the shareholder submits a
243.18 withholding ~~exemption~~ allowance certificate under subdivision 5.

243.19 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold
243.20 tax for a nonresident shareholder, if:

243.21 (1) the shareholder elects to have the tax due paid as part of the corporation's composite
243.22 return under section 289A.08, subdivision 7;

243.23 (2) the shareholder has Minnesota assignable federal adjusted gross income from the
243.24 corporation of less than \$1,000; or

243.25 (3) the corporation is liquidated or terminated, the income was generated by a transaction
243.26 related to the termination or liquidation, and no cash or other property was distributed in
243.27 the current or prior taxable year.

243.28 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
243.29 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an
243.30 employer.

243.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
243.32 31, 2020.

244.1 Sec. 9. Minnesota Statutes 2020, section 290.92, subdivision 5, is amended to read:

244.2 Subd. 5. **Exemptions Allowances.** (1) ~~Entitlement.~~ An employee receiving wages shall
 244.3 on any day be entitled to claim withholding exemptions allowances in a number not to
 244.4 exceed the number of withholding exemptions allowances that the employee claims and
 244.5 that are allowable pursuant to section 3402(f)(1), ~~(m), and (n)~~ of the Internal Revenue Code
 244.6 for federal withholding purposes, except:

244.7 (i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal
 244.8 Revenue Code shall be the amount calculated under section 290.0123, ~~subdivision 1; and~~

244.9 (ii) the exemption allowance amount for the purposes of section 3402(f)(1)(A) of the
 244.10 Internal Revenue Code shall be the amount calculated under section 290.0121, subdivision
 244.11 1;

244.12 (iii) withholding allowances under sections 3402(f)(1)(C) and (D) of the Internal Revenue
 244.13 Code are not allowed;

244.14 (iv) estimated itemized deductions allowable under section 290.0122, but only if the
 244.15 employee's spouse does not have in effect a withholding certificate electing this allowance;
 244.16 and

244.17 (v) any additional allowances, at the discretion of the commissioner, that are in the best
 244.18 interests of determining the proper amount to withhold for the payment of taxes under this
 244.19 chapter.

244.20 (2) **Withholding exemption allowance certificate.** The provisions concerning exemption
 244.21 allowance certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code
 244.22 shall apply.

244.23 (3) **Form of certificate.** Withholding exemption allowance certificates shall be in such
 244.24 form and contain such information as the commissioner may by rule prescribe.

244.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 244.26 31, 2020.

244.27 Sec. 10. Minnesota Statutes 2020, section 290.92, subdivision 5a, is amended to read:

244.28 Subd. 5a. **Verification of withholding exemptions allowances; appeal.** (a) An employer
 244.29 shall submit to the commissioner a copy of any withholding exemption allowance certificate
 244.30 or any affidavit of residency received from an employee on which the employee claims any
 244.31 of the following:

245.1 (1) a total number of withholding ~~exemptions~~ allowances in excess of ten or a number
245.2 prescribed by the commissioner, or

245.3 (2) a status that would exempt the employee from Minnesota withholding, including
245.4 where the employee is a nonresident exempt from withholding under subdivision 4a, clause

245.5 (3), except where the employer reasonably expects, at the time that the certificate is received,
245.6 that the employee's wages under subdivision 1 from the employer will not then usually
245.7 exceed \$200 per week, or

245.8 (3) any number of withholding ~~exemptions~~ allowances which the employer has reason
245.9 to believe is in excess of the number to which the employee is entitled.

245.10 (b) Copies of ~~exemption~~ allowance certificates and affidavits of residency required to
245.11 be submitted by paragraph (a) shall be submitted to the commissioner within 30 days after
245.12 receipt by the employer unless the employer is also required by federal law to submit copies
245.13 to the Internal Revenue Service, in which case the employer may elect to submit the copies
245.14 to the commissioner at the same time that the employer is required to submit them to the
245.15 Internal Revenue Service.

245.16 (c) An employer who submits a copy of a withholding ~~exemption~~ allowance certificate
245.17 in accordance with paragraph (a) shall honor the certificate until notified by the commissioner
245.18 that the certificate is invalid. The commissioner shall mail a copy of any such notice to the
245.19 employee. Upon notification that a particular certificate is invalid, the employer shall not
245.20 honor that certificate or any subsequent certificate unless instructed to do so by the
245.21 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances
245.22 and compute the withholding tax as instructed by the commissioner in accordance with
245.23 paragraph (d).

245.24 (d) The commissioner may require an employee to verify entitlement to the number of
245.25 ~~exemptions~~ allowances or to the exempt status claimed on the withholding ~~exemption~~
245.26 allowance certificate or, to verify nonresidency. The employee shall be allowed at least 30
245.27 days to submit the verification, after which time the commissioner shall, on the basis of the
245.28 best information available to the commissioner, determine the employee's status and allow
245.29 the employee the maximum number of withholding ~~exemptions~~ allowances allowable under
245.30 this chapter. The commissioner shall mail a notice of this determination to the employee at
245.31 the address listed on the ~~exemption~~ allowance certificate in question or to the last known
245.32 address of the employee. Pursuant to section 270B.06, the commissioner may notify the
245.33 employer of this determination and instruct the employer to withhold tax in accordance with
245.34 the determination.

246.1 However, where the commissioner has reasonable grounds for believing that the employee
246.2 is about to leave the state or that the collection of any tax due under this chapter will be
246.3 jeopardized by delay, the commissioner may immediately notify the employee and the
246.4 employer, pursuant to section 270B.06, that the certificate is invalid, and the employer must
246.5 not honor that certificate or any subsequent certificate unless instructed to do so by the
246.6 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances
246.7 and compute the withholding tax as instructed by the commissioner.

246.8 (e) The commissioner's determination under paragraph (d) shall be appealable to Tax
246.9 Court in accordance with section 271.06, and shall remain in effect for withholding tax
246.10 purposes pending disposition of any appeal.

246.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
246.12 31, 2020.

246.13 Sec. 11. Minnesota Statutes 2020, section 290.92, subdivision 19, is amended to read:

246.14 Subd. 19. **Employees incurring no income tax liability.** Notwithstanding any other
246.15 provision of this section, except the provisions of subdivision 5a, an employer is not required
246.16 to deduct and withhold any tax under this chapter from wages paid to an employee if:

246.17 (1) the employee furnished the employer with a withholding ~~exemption~~ allowance
246.18 certificate that:

246.19 (i) certifies the employee incurred no liability for income tax imposed under this chapter
246.20 for the employee's preceding taxable year;

246.21 (ii) certifies the employee anticipates incurring no liability for income tax imposed under
246.22 this chapter for the current taxable year; and

246.23 (iii) is in a form and contains any other information prescribed by the commissioner; or

246.24 (2)(i) the employee is not a resident of Minnesota when the wages were paid; and

246.25 (ii) the employer reasonably expects that the employer will not pay the employee enough
246.26 wages assignable to Minnesota under section 290.17, subdivision 2, paragraph (a)(1), to
246.27 meet the nonresident requirement to file a Minnesota individual income tax return for the
246.28 taxable year under section 289A.08, subdivision 1, paragraph (a).

246.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
246.30 31, 2020.

247.1 Sec. 12. Minnesota Statutes 2020, section 290.92, subdivision 20, is amended to read:

247.2 Subd. 20. ~~Voluntary withholding agreements~~ Miscellaneous withholding
247.3 arrangements. (a) For purposes of this section, any payment ~~of an annuity to an individual,~~
247.4 ~~if at the time the payment is made a request that such annuity be subject to withholding~~
247.5 ~~under this section is in effect,~~ or distribution to an individual as defined under section
247.6 3405(e)(2) or (3) of the Internal Revenue Code shall be treated as if it were a payment of
247.7 wages by an employer to an employee for a payroll period. Any payment to an individual
247.8 of sick pay which does not constitute wages, determined without regard to this subdivision,
247.9 shall be treated as if it were a payment of wages by an employer to an employee for a payroll
247.10 period, if, at the time the payment is made a request that such sick pay be subject to
247.11 withholding under this section is in effect. Sick pay means any amount which:

247.12 (1) is paid to an employee pursuant to a plan to which the employer is a party, and

247.13 (2) constitutes remuneration or a payment in lieu of remuneration for any period during
247.14 which the employee is temporarily absent from work on account of sickness or personal
247.15 injuries.

247.16 (b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain
247.17 collective bargaining agreements shall conform with the provisions of section 3402(o)(3),
247.18 (4), and (5) of the Internal Revenue Code.

247.19 (c) The commissioner is authorized by rules to provide for withholding:

247.20 (1) from remuneration for services performed by an employee for the employer which,
247.21 without regard to this subdivision, does not constitute wages, and

247.22 (2) from any other type of payment with respect to which the commissioner finds that
247.23 withholding would be appropriate under the provisions of this section, if the employer and
247.24 the employee, or in the case of any other type of payment the person making and the person
247.25 receiving the payment, agree to such withholding. Such agreement shall be made in such
247.26 form and manner as the commissioner may by rules provide. For purposes of this section
247.27 remuneration or other payments with respect to which such agreement is made shall be
247.28 treated as if they were wages paid by an employer to an employee to the extent that such
247.29 remuneration is paid or other payments are made during the period for which the agreement
247.30 is in effect.

247.31 (d) An individual receiving a payment or distribution under paragraph (a) may elect to
247.32 have paragraph (a) not apply to the payment or distribution as follows.

248.1 (1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an
 248.2 election remains in effect until revoked by such individual.

248.3 (2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the
 248.4 election is on a distribution-by-distribution basis.

248.5 **EFFECTIVE DATE.** This section is effective for payments and distributions made
 248.6 after December 31, 2021.

248.7 Sec. 13. Minnesota Statutes 2020, section 290.923, subdivision 9, is amended to read:

248.8 Subd. 9. **Payees incurring no income tax liability.** Notwithstanding any other provision
 248.9 of this section a payor shall not be required to deduct and withhold any tax under this chapter
 248.10 upon a payment of royalties to a payee if there is in effect with respect to the payment a
 248.11 withholding ~~exemption~~ allowance certificate, in the form and containing the information
 248.12 prescribed by the commissioner, furnished to the payor by the payee certifying that the
 248.13 payee:

248.14 (1) incurred no liability for income tax imposed under this chapter for the payee's
 248.15 preceding taxable year; and

248.16 (2) anticipates incurring no liability for income tax under this chapter for the current
 248.17 taxable year.

248.18 The commissioner shall provide by rule for the coordination of the provisions of this
 248.19 subdivision with the provisions of subdivision 4.

248.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 248.21 31, 2020.

248.22 Sec. 14. Minnesota Statutes 2020, section 290.993, is amended to read:

248.23 **290.993 SPECIAL LIMITED ADJUSTMENT.**

248.24 (a) For an individual ~~income taxpayer subject to tax under section 290.06, subdivision~~
 248.25 ~~2e, estate, or trust,~~ or a partnership that elects to file a composite return under section
 248.26 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before
 248.27 January 1, 2019, the following special rules apply:

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

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

249.6 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to
 249.7 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,
 249.8 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public
 249.9 Law 115-97; and section 40411 of Public Law 115-123.

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

249.12 **ARTICLE 15**

249.13 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PROPERTY TAXES** 249.14 **AND LOCAL GOVERNMENT AIDS**

249.15 Section 1. Minnesota Statutes 2020, section 270.41, subdivision 3a, is amended to read:

249.16 Subd. 3a. **Report on disciplinary actions.** ~~Each odd-numbered year,~~ When issuing the
 249.17 report required under section 214.07, the board must ~~publish a report detailing~~ include the
 249.18 number and types of disciplinary actions recommended by the commissioner of revenue
 249.19 under section 273.0645, subdivision 2, and the disposition of those recommendations by
 249.20 the board. The report must be presented to the house of representatives and senate committees
 249.21 with jurisdiction over property taxes ~~by February 1 of each odd-numbered year~~ in addition
 249.22 to the recipients required under section 214.07.

249.23 **EFFECTIVE DATE.** This section is effective for reports issued in 2022 and thereafter.

249.24 Sec. 2. Minnesota Statutes 2020, section 270.44, is amended to read:

249.25 **270.44 CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.**

249.26 The board shall charge the following fees:

- 249.27 (1) \$150 for a senior accredited Minnesota assessor license;
- 249.28 (2) \$125 for an accredited Minnesota assessor license;
- 249.29 (3) \$95 for a certified Minnesota assessor specialist license;
- 249.30 (4) \$85 for a certified Minnesota assessor license;
- 249.31 (5) \$85 for a temporary license;

- 250.1 (6) \$50 for a trainee registration;
- 250.2 (7) \$80 for grading a form appraisal;
- 250.3 (8) \$140 for grading a narrative appraisal; and
- 250.4 (9) \$50 for reinstatement; ~~and.~~
- 250.5 ~~(10) \$20 for record retention.~~

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

250.7 Sec. 3. Minnesota Statutes 2020, section 272.029, subdivision 2, is amended to read:

250.8 Subd. 2. **Definitions.** (a) For the purposes of this section:

250.9 (1) "wind energy conversion system" has the meaning given in section 216C.06,
 250.10 subdivision 19, and also includes a substation that is used and owned by one or more wind
 250.11 energy conversion facilities;

250.12 (2) "large scale wind energy conversion system" means a wind energy conversion system
 250.13 of more than 12 megawatts, as measured by the nameplate capacity of the system or as
 250.14 combined with other systems as provided in paragraph (b);

250.15 (3) "medium scale wind energy conversion system" means a wind energy conversion
 250.16 system of over two and not more than 12 megawatts, as measured by the nameplate capacity
 250.17 of the system or as combined with other systems as provided in paragraph (b); and

250.18 (4) "small scale wind energy conversion system" means a wind energy conversion system
 250.19 of two megawatts and under, as measured by the nameplate capacity of the system or as
 250.20 combined with other systems as provided in paragraph (b).

250.21 (b) For systems installed and contracted for after January 1, 2002, the total size of a
 250.22 wind energy conversion system under this subdivision shall be determined according to this
 250.23 paragraph. Unless the systems are interconnected with different distribution systems, the
 250.24 nameplate capacity of one wind energy conversion system shall be combined with the
 250.25 nameplate capacity of any other wind energy conversion system that is:

250.26 (1) located within five miles of the wind energy conversion system;

250.27 (2) constructed within the same 12-month period as the wind energy conversion system;
 250.28 and

250.29 (3) under common ownership.

251.1 In the case of a dispute, the commissioner of commerce shall determine the total size of the
251.2 system, and shall draw all reasonable inferences in favor of combining the systems.

251.3 For the purposes of making a determination under this paragraph, the original construction
251.4 date of an existing wind energy conversion system is not changed if the system is replaced,
251.5 repaired, or otherwise maintained or altered.

251.6 (c) In making a determination under paragraph (b), the commissioner of commerce may
251.7 determine that two wind energy conversion systems are under common ownership when
251.8 the underlying ownership structure contains similar persons or entities, even if the ownership
251.9 shares differ between the two systems. Wind energy conversion systems are not under
251.10 common ownership solely because the same person or entity provided equity financing for
251.11 the systems.

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

251.13 Sec. 4. Minnesota Statutes 2020, section 272.0295, subdivision 2, is amended to read:

251.14 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy
251.15 generating system" means a set of devices whose primary purpose is to produce electricity
251.16 by means of any combination of collecting, transferring, or converting solar generated
251.17 energy.

251.18 (b) The total size of a solar energy generating system under this subdivision shall be
251.19 determined according to this paragraph. Unless the systems are interconnected with different
251.20 distribution systems, the nameplate capacity of a solar energy generating system shall be
251.21 combined with the nameplate capacity of any other solar energy generating system that:

251.22 (1) is constructed within the same 12-month period as the solar energy generating system;
251.23 and

251.24 (2) exhibits characteristics of being a single development, including but not limited to
251.25 ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing
251.26 arrangements, and common debt or equity financing.

251.27 In the case of a dispute, the commissioner of commerce shall determine the total size of the
251.28 system and shall draw all reasonable inferences in favor of combining the systems.

251.29 For the purposes of making a determination under this paragraph, the original construction
251.30 date of an existing solar energy conversion system is not changed if the system is replaced,
251.31 repaired, or otherwise maintained or altered.

252.1 (c) In making a determination under paragraph (b), the commissioner of commerce may
 252.2 determine that two solar energy generating systems are under common ownership when the
 252.3 underlying ownership structure contains similar persons or entities, even if the ownership
 252.4 shares differ between the two systems. Solar energy generating systems are not under
 252.5 common ownership solely because the same person or entity provided equity financing for
 252.6 the systems.

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

252.8 Sec. 5. Minnesota Statutes 2020, section 272.0295, subdivision 5, is amended to read:

252.9 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue
 252.10 shall notify the owner of each solar energy generating system of the tax due to each county
 252.11 for the current year and shall certify to the county auditor of each county in which the system
 252.12 is located the tax due from each owner for the current year.

252.13 (b) If the commissioner of revenue determines that the amount of production tax has
 252.14 been erroneously calculated, the commissioner may correct the error. The commissioner
 252.15 must notify the owner of the solar energy generating system of the correction and the amount
 252.16 of tax due to each county and must certify the correction to the county auditor of each county
 252.17 in which the system is located on or before April 1 of the current year. The commissioner
 252.18 may correct errors that are clerical in nature until December 31.

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

252.20 Sec. 6. Minnesota Statutes 2020, section 273.063, is amended to read:

252.21 **273.063 APPLICATION; LIMITATIONS.**

252.22 The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10,
 252.23 274.01, and 375.192 shall apply to all counties except Ramsey County. The following
 252.24 limitations shall apply as to the extent of the county assessors jurisdiction:

252.25 In counties having a city of the first class, the powers and duties of the county assessor
 252.26 within such city shall be performed by the duly appointed city assessor. In all other cities
 252.27 having a population of 30,000 persons or more, according to the last preceding federal
 252.28 census, except in counties having a county assessor on January 1, 1967, the powers and
 252.29 duties of the county assessor within such cities shall be performed by the duly appointed
 252.30 city assessor, provided that the county assessor shall retain the supervisory duties contained
 252.31 in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means
 252.32 the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

253.2 Sec. 7. Minnesota Statutes 2020, section 273.0755, is amended to read:

253.3 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

253.4 (a) Beginning with the four-year period starting on July 1, ~~2000~~ 2020, every person
 253.5 licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or
 253.6 higher, shall successfully complete ~~a weeklong Minnesota laws course~~ 30 hours of
 253.7 educational coursework on Minnesota laws, assessment administration, and administrative
 253.8 procedures sponsored by the Department of Revenue ~~at least once~~ in every four-year period.
 253.9 ~~An assessor need not attend the course if they successfully pass the test for the course.~~

253.10 (b) The commissioner of revenue may require that each county, and each city for which
 253.11 the city assessor performs the duties of county assessor, have (1) a person on the assessor's
 253.12 staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer
 253.13 or employee who is certified by the Department of Revenue in tax calculations, and (3) an
 253.14 officer or employee who is certified by the Department of Revenue in the proper preparation
 253.15 of information reported to the commissioner under section 270C.85, subdivision 2, clause
 253.16 (4). Certifications under this paragraph expire after four years.

253.17 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
 253.18 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
 253.19 in a seminar that focuses on ethics, professional conduct and the need for standardized
 253.20 assessment practices developed and presented by the commissioner of revenue. This
 253.21 requirement must be met at least once in every subsequent four-year period. This requirement
 253.22 applies to all assessors licensed for one year or more in the four-year period.

253.23 (d) When the commissioner of revenue determines that an individual or board that
 253.24 performs functions related to property tax administration has performed those functions in
 253.25 a manner that is not uniform or equitable, the commissioner may require that the individual
 253.26 or members of the board complete supplemental training. The commissioner may not require
 253.27 that an individual complete more than 32 hours of supplemental training pursuant to this
 253.28 paragraph. If the individual is required to complete supplemental training due to that
 253.29 individual's membership on a local or county board of appeal and equalization, the
 253.30 commissioner may not require that the individual complete more than two hours of
 253.31 supplemental training.

253.32 **EFFECTIVE DATE.** This section is effective retroactively for the four-year licensing
 253.33 period starting on July 1, 2020, and thereafter.

254.1 Sec. 8. Minnesota Statutes 2020, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

255.3 (5) neither the owner nor the person actively farming the agricultural property lives
255.4 farther than four townships or cities, or a combination of four townships or cities, from the
255.5 agricultural property, except that if the owner or the owner's spouse is required to live in
255.6 employer-provided housing, the owner or owner's spouse, whichever is actively farming
255.7 the agricultural property, may live more than four townships or cities, or combination of
255.8 four townships or cities from the agricultural property.

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

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

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

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

255.22 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
255.23 holding a vested remainder interest in it must be classified as a homestead under section
255.24 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
255.25 dwellings on the land used for purposes of a homestead by persons holding vested remainder
255.26 interests who are actively engaged in farming the property, and up to one acre of the land
255.27 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
255.28 must also be assessed class 2a.

255.29 (e) Agricultural land and buildings that were class 2a homestead property under section
255.30 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
255.31 agricultural homesteads for subsequent assessments if:

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

256.1 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
256.2 Wilkin;

256.3 (3) the agricultural land and buildings remain under the same ownership for the current
256.4 assessment year as existed for the 1997 assessment year and continue to be used for
256.5 agricultural purposes;

256.6 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
256.7 of one of the parcels of agricultural land that is owned by the taxpayer; and

256.8 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
256.9 and the owner furnishes the assessor any information deemed necessary by the assessor in
256.10 verifying the change in dwelling. Further notifications to the assessor are not required if the
256.11 property continues to meet all the requirements in this paragraph and any dwellings on the
256.12 agricultural land remain uninhabited.

256.13 (f) Agricultural land and buildings that were class 2a homestead property under section
256.14 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
256.15 agricultural homesteads for subsequent assessments if:

256.16 (1) the property owner abandoned the homestead dwelling located on the agricultural
256.17 homestead as a result of damage caused by a March 29, 1998, tornado;

256.18 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,
256.19 Nicollet, Nobles, or Rice;

256.20 (3) the agricultural land and buildings remain under the same ownership for the current
256.21 assessment year as existed for the 1998 assessment year;

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

256.24 (5) the owner notifies the county assessor that the relocation was due to a March 29,
256.25 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
256.26 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
256.27 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
256.28 are not required if the property continues to meet all the requirements in this paragraph and
256.29 any dwellings on the agricultural land remain uninhabited.

256.30 (g) Agricultural property of a family farm corporation, joint family farm venture, family
256.31 farm limited liability company, or partnership operating a family farm as described under
256.32 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
256.33 property, if all of the following criteria are met:

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

257.3 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
257.4 property;

257.5 (3) that shareholder, member, or partner who is actively farming the agricultural property
257.6 is a Minnesota resident;

257.7 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
257.8 member, or partner claims another agricultural homestead in Minnesota; and

257.9 (5) that shareholder, member, or partner does not live farther than four townships or
257.10 cities, or a combination of four townships or cities, from the agricultural property.

257.11 Homestead treatment applies under this paragraph even if:

257.12 (i) the shareholder, member, or partner of that entity is actively farming the agricultural
257.13 property on the shareholder's, member's, or partner's own behalf; or

257.14 (ii) the family farm is operated by a family farm corporation, joint family farm venture,
257.15 partnership, or limited liability company other than the family farm corporation, joint family
257.16 farm venture, partnership, or limited liability company that owns the land, provided that:

257.17 (A) the shareholder, member, or partner of the family farm corporation, joint family
257.18 farm venture, partnership, or limited liability company that owns the land who is actively
257.19 farming the land is a shareholder, member, or partner of the family farm corporation, joint
257.20 family farm venture, partnership, or limited liability company that is operating the farm;
257.21 and

257.22 (B) more than half of the shareholders, members, or partners of each family farm
257.23 corporation, joint family farm venture, partnership, or limited liability company are persons
257.24 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
257.25 paragraphs (c) and (d).

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

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

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

258.3 (1) the day-to-day operation, administration, and financial risks remain the same;

258.4 (2) the owners and the persons actively farming the property continue to live within the
258.5 four townships or city criteria and are Minnesota residents;

258.6 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

258.7 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

258.8 (5) the property's acreage is unchanged; and

258.9 (6) none of the property's acres have been enrolled in a federal or state farm program
258.10 since the initial application.

258.11 The owners and any persons who are actively farming the property must include the
258.12 appropriate Social Security numbers, and sign and date the application. If any of the specified
258.13 information has changed since the full application was filed, the owner must notify the
258.14 assessor, and must complete a new application to determine if the property continues to
258.15 qualify for the special agricultural homestead. The commissioner of revenue shall prepare
258.16 a standard reapplication form for use by the assessors.

258.17 (i) Agricultural land and buildings that were class 2a homestead property under section
258.18 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
258.19 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

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

259.3 (j) Agricultural land and buildings that were class 2a homestead property under section
 259.4 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
 259.5 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

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

259.20 Sec. 9. Minnesota Statutes 2020, section 273.18, is amended to read:

259.21 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
 259.22 **BY COUNTY AUDITORS.**

259.23 (a) In every sixth year after the year 2010, the county auditor shall enter the description
 259.24 of each tract of real property exempt by law from taxation, with the name of the owner, and
 259.25 the assessor shall value and assess the same in the same manner that other real property is
 259.26 valued and assessed, and shall designate in each case the purpose for which the property is
 259.27 used.

259.28 (b) The county auditor shall include in the exempt property information that the
 259.29 commissioner may require under section 270C.85, subdivision 2, clause (4), the total number
 259.30 of acres of all natural resources lands for which in lieu payments are made under sections
 259.31 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided
 259.32 that if the assessor is not able to estimate the market value of the land on a per parcel basis,

260.1 the assessor shall furnish the commissioner of revenue with an estimate of the average value
 260.2 per acre of this land within the county.

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

260.4 Sec. 10. Minnesota Statutes 2020, section 287.04, is amended to read:

260.5 **287.04 EXEMPTIONS.**

260.6 The tax imposed by section 287.035 does not apply to:

260.7 ~~(a)~~ (1) a decree of marriage dissolution or an instrument made pursuant to it;

260.8 ~~(b)~~ (2) a mortgage given to correct a misdescription of the mortgaged property;

260.9 ~~(c)~~ (3) a mortgage or other instrument that adds additional security for the same debt
 260.10 for which mortgage registry tax has been paid;

260.11 ~~(d)~~ (4) a contract for the conveyance of any interest in real property, including a contract
 260.12 for deed;

260.13 ~~(e)~~ (5) a mortgage secured by real property subject to the minerals production tax of
 260.14 sections 298.24 to 298.28;

260.15 ~~(f) The principal amount of~~ (6) a mortgage loan made under a low and moderate income
 260.16 housing program, or other affordable housing program, if: (i) the mortgagee is a federal,
 260.17 state, or local government agency; or (ii) the assignee is a federal, state, or local government
 260.18 agency;

260.19 ~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24;

260.20 ~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01;

260.21 ~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are
 260.22 used to acquire or improve real property classified under section 273.13, subdivision 23,
 260.23 paragraph (a) or (b); and

260.24 ~~(j)~~ (10) a mortgage on an armory building as set forth in section 193.147.

260.25 **EFFECTIVE DATE.** This section is effective for mortgages recorded after June 30,
 260.26 2021.

260.27 Sec. 11. Minnesota Statutes 2020, section 477A.10, is amended to read:

260.28 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

260.29 The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

261.1 (1) to compensate local units of government for the loss of tax base from state ownership
261.2 of land and the need to provide services for state land;

261.3 (2) to address the disproportionate impact of state land ownership on local units of
261.4 government with a large proportion of state land; and

261.5 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

261.7 ARTICLE 16

261.8 DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE 261.9 TAXES

261.10 Section 1. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

261.11 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
261.12 to the commissioner monthly on or before the 20th day of the month following the month
261.13 in which the taxable event occurred, or following another reporting period as the
261.14 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
261.15 or (g), except that use taxes due on an annual use tax return as provided under section
261.16 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

261.17 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30
261.18 must remit the June liability for the next year in the following manner:

261.19 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
261.20 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
261.21 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent of
261.22 the estimated June liability to the commissioner.

261.23 (2) On or before August 20 of the year, the vendor must pay any additional amount of
261.24 tax not remitted in June.

261.25 (c) A vendor having a liability of:

261.26 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,
261.27 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for
261.28 periods beginning in all subsequent calendar years on or before the 20th day of the month
261.29 following the month in which the taxable event occurred, or on or before the 20th day of
261.30 the month following the month in which the sale is reported under section 289A.18,
261.31 subdivision 4; or

262.1 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years
 262.2 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph
 262.3 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~
 262.4 ~~percent~~ the percentage of the estimated June liability, as provided in paragraph (b), clause
 262.5 (1), which is due two business days before June 30. The remaining amount of the June
 262.6 liability is due on August 20.

262.7 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious
 262.8 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer
 262.9 must notify the commissioner of revenue of the intent to pay by mail before doing so on a
 262.10 form prescribed by the commissioner. No extra fee may be charged to a person making
 262.11 payment by mail under this paragraph. The payment must be postmarked at least two business
 262.12 days before the due date for making the payment in order to be considered paid on a timely
 262.13 basis.

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

262.15 Sec. 2. Minnesota Statutes 2020, section 295.75, subdivision 2, is amended to read:

262.16 Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to
 262.17 2.5 percent of gross receipts from retail sales in Minnesota of liquor. The liquor retailer
 262.18 may, but is not required to, collect the tax from the purchaser. If separately stated on the
 262.19 invoice, bill of sale, or similar document given to the purchaser, the tax is excluded from
 262.20 the sales price for purposes of the tax imposed under chapter 297A.

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

262.22 Sec. 3. Minnesota Statutes 2020, section 297A.66, subdivision 3, is amended to read:

262.23 Subd. 3. **Marketplace provider liability.** (a) A marketplace provider is deemed the
 262.24 retailer or seller for all retail sales it facilitates, and is subject to audit on the retail sales it
 262.25 facilitates if it is required to collect sales and use taxes and remit them to the commissioner
 262.26 under subdivision 2, paragraphs (b) and (c).

262.27 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and
 262.28 use taxes to the commissioner if the marketplace provider demonstrates that the error was
 262.29 due to incorrect or insufficient information given to the marketplace provider by the retailer.
 262.30 This paragraph does not apply if the marketplace provider and the marketplace retailer are
 262.31 related as defined in subdivision 4, paragraph (b).

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

263.1 Sec. 4. **REPEALER.**

263.2 Minnesota Statutes 2020, section 270C.17, subdivision 2, is repealed.

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

263.4 **ARTICLE 17**

263.5 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SPECIAL TAXES**

263.6 Section 1. Minnesota Statutes 2020, section 296A.06, subdivision 2, is amended to read:

263.7 Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a
 263.8 distributor, special fuel dealer, or bulk purchaser that has not filed a tax return or report or
 263.9 paid a delinquent tax or fee within five days after notice and demand by the commissioner
 263.10 is suspended. The suspension remains in effect until the demanded tax return or report has
 263.11 been filed and the tax and fees shown on that return or report have been paid. If the
 263.12 commissioner determines that the failure to file or failure to pay is due to reasonable cause,
 263.13 then a license must not be suspended, or if suspended, must be reinstated.

263.14 (b) A licensee whose license is suspended under this subdivision may request a contested
 263.15 case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance
 263.16 of the notice and demand issued under paragraph (a), unless the parties agree to a later
 263.17 hearing date. The administrative law judge's report must be issued within 20 days after the
 263.18 close of the hearing record, unless the parties agree to a later report issuance date. The
 263.19 commissioner must issue a final decision within 30 days after receipt of the report of the
 263.20 administrative law judge and subsequent exceptions and argument under section 14.61. The
 263.21 suspension imposed under paragraph (a) remains in effect during any contested case hearing
 263.22 process requested pursuant to this paragraph.

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

263.24 Sec. 2. Minnesota Statutes 2020, section 297F.04, subdivision 2, is amended to read:

263.25 Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or
 263.26 renew a license under this chapter, and may revoke a license under this chapter, if the
 263.27 applicant or licensee:

263.28 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision
 263.29 2;

263.30 (2) after demand, has not filed tax returns required by the commissioner;

264.1 (3) had a cigarette or tobacco license revoked by the commissioner within the past two
264.2 years;

264.3 (4) had a sales and use tax permit revoked by the commissioner within the past two
264.4 years; or

264.5 (5) has been convicted of a crime involving cigarettes or tobacco products, including
264.6 but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes
264.7 or tobacco products, or involvement in the smuggling of cigarettes or tobacco products.

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

264.9 Sec. 3. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

264.10 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A
264.11 cigarette or tobacco products distributor having a liability of \$250,000 or more during a
264.12 fiscal year ending June 30, shall remit the June liability for the next year in the following
264.13 manner:

264.14 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the
264.15 distributor shall remit the actual May liability and 87.5 percent of the estimated June liability
264.16 to the commissioner and file the return in the form and manner prescribed by the
264.17 commissioner. Two business days before June 30 of calendar year 2022 and each calendar
264.18 year thereafter, the distributor must remit the actual May liability and 84.5 percent of the
264.19 estimated June liability to the commissioner and file the return in the form and manner
264.20 prescribed by the commissioner.

264.21 (b) On or before August 18 of the year, the distributor shall submit a return showing the
264.22 actual June liability and pay any additional amount of tax not remitted in June. A penalty
264.23 is imposed equal to ten percent of the amount of June liability required to be paid in June,
264.24 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
264.25 in June equals ~~the lesser of:~~

264.26 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the
264.27 that calendar year 2020 and 2021 June liabilities and 84.5 of the actual June liability for
264.28 June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

264.29 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5
264.30 percent of the preceding actual June liability for that calendar year or 84.5 percent of the
264.31 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the
264.32 preceding May liability for June 2022 and thereafter for that calendar year.

265.1 (e) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
 265.2 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

265.3 **EFFECTIVE DATE.** This section is effective for estimated payments required to be
 265.4 made after the date following final enactment.

265.5 Sec. 4. Minnesota Statutes 2020, section 297F.13, subdivision 4, is amended to read:

265.6 Subd. 4. **Retailer and subjobber to preserve purchase invoices.** Every retailer and
 265.7 subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased.

265.8 The retailer and subjobber shall preserve a legible copy of each invoice for one year
 265.9 from the date of the invoice or as long as the cigarette or tobacco product listed on the
 265.10 invoice is available for sale or in their possession, whichever period is longer. The retailer
 265.11 and subjobber shall preserve copies of the invoices at each retail location or at a central
 265.12 location provided that the invoice must be produced and made available at a retail location
 265.13 within one hour when requested by the commissioner or duly authorized agents and
 265.14 employees. Copies should be numbered and kept in chronological order.

265.15 To determine whether the business is in compliance with the provisions of this chapter,
 265.16 at any time during usual business hours, the commissioner, or duly authorized agents and
 265.17 employees, may enter any place of business of a retailer or subjobber without a search
 265.18 warrant and inspect the premises, the records required to be kept under this chapter, and the
 265.19 packages of cigarettes, tobacco products, and vending devices contained on the premises.

265.20 **EFFECTIVE DATE.** This section is effective for all cigarette and tobacco products
 265.21 available for sale or in a retailer or subjobber's possession after December 31, 2021.

265.22 Sec. 5. Minnesota Statutes 2020, section 297F.17, subdivision 1, is amended to read:

265.23 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the amount
 265.24 of any tax due must be assessed within 3-1/2 years after a return is filed. ~~The taxes are~~
 265.25 ~~considered assessed within the meaning of this section when the commissioner has prepared~~
 265.26 ~~a notice of tax assessment and mailed it to the person required to file a return to the post~~
 265.27 ~~office address given in the return. The notice of tax assessment must be sent by mail to the~~
 265.28 ~~post office address given in the return and the record of the mailing is presumptive evidence~~
 265.29 ~~of the giving of such notice, and such records must be preserved by the commissioner.~~

265.30 **EFFECTIVE DATE.** This section is effective for notices of tax assessment issued after
 265.31 the date of final enactment.

266.1 Sec. 6. Minnesota Statutes 2020, section 297G.09, subdivision 9, is amended to read:

266.2 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter
266.3 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the
266.4 June liability for the next year in the following manner:

266.5 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the taxpayer
266.6 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
266.7 commissioner and file the return in the form and manner prescribed by the commissioner.
266.8 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,
266.9 the distributor must remit the actual May liability and 84.5 percent of the estimated June
266.10 liability to the commissioner and file the return in the form and manner prescribed by the
266.11 commissioner.

266.12 (b) On or before August 18 of the year, the taxpayer shall submit a return showing the
266.13 actual June liability and pay any additional amount of tax not remitted in June. A penalty
266.14 is imposed equal to ten percent of the amount of June liability required to be paid in June
266.15 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
266.16 in June equals ~~the lesser of:~~

266.17 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the
266.18 that calendar year 2020 and 2021 June liabilities and 84.5 percent of the actual June liability
266.19 for June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

266.20 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5
266.21 percent of the preceding actual June liability for that calendar year or 84.5 percent of the
266.22 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the
266.23 preceding May liability for June 2022 and thereafter for that calendar year.

266.24 (c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
266.25 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

266.26 **EFFECTIVE DATE.** This section is effective for estimated payments required to be
266.27 made after the date following final enactment.

267.1 Sec. 7. Minnesota Statutes 2020, section 609B.153, is amended to read:

267.2 **609B.153 CIGARETTE AND TOBACCO DISTRIBUTOR OR SUBJOBBER**
267.3 **LICENSE; SUSPENSION OR REVOCATION.**

267.4 Under section 297F.04, the commissioner of revenue must not issue or renew a license
267.5 issued under chapter 297F, and may revoke a license issued under chapter 297F, if the
267.6 applicant has been convicted of a crime involving cigarettes or tobacco products.

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

267.8 **ARTICLE 18**
267.9 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS**

267.10 Section 1. Minnesota Statutes 2020, section 270C.22, subdivision 1, is amended to read:

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

267.19 (b) For the purposes of this section, "statutory year" means the year preceding the first
267.20 year for which dollar amounts are to be adjusted for inflation under sections that reference
267.21 this section. For adjustments under chapter 290A, the statutory year refers to the year in
267.22 which a taxpayer's household income used to calculate refunds under chapter 290A was
267.23 earned and not the year in which refunds are payable. For all other adjustments, the statutory
267.24 year refers to the taxable year unless otherwise specified.

267.25 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall
267.26 determine the percentage change in the index for the 12-month period ending on August
267.27 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing
267.28 this section by that percentage change. For each subsequent taxable year, the commissioner
267.29 shall increase the dollar amounts by the percentage change in the index from August 31 of
267.30 the year preceding the statutory year to August 31 of the year preceding the taxable year.

267.31 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,
267.32 the commissioner shall determine the percentage change in the index for the 12-month
267.33 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in

268.1 the sections referencing this section by that percentage change. For each subsequent year,
268.2 the commissioner shall increase the dollar amounts by the percentage change in the index
268.3 from August 31 of the ~~year preceding~~ the statutory year to August 31 of the year preceding
268.4 the year in which refunds are payable.

268.5 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted
268.6 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest
268.7 \$10 amount.

268.8 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds
268.9 based on property taxes payable in 2020, and rent paid in 2019.

268.10 Sec. 2. Minnesota Statutes 2020, section 270C.445, subdivision 3, is amended to read:

268.11 Subd. 3. **Standards of conduct.** No tax preparer shall:

268.12 (1) without good cause fail to promptly, diligently, and without unreasonable delay
268.13 complete a client's return;

268.14 (2) obtain the signature of a client to a return or authorizing document that contains
268.15 blank spaces to be filled in after it has been signed;

268.16 (3) fail to sign a client's return when compensation for services rendered has been made;

268.17 (4) fail to provide on a client's return the preparer tax identification number when required
268.18 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

268.19 (5) fail or refuse to give a client a copy of any document requiring the client's signature
268.20 within a reasonable time after the client signs the document;

268.21 (6) fail to retain for at least four years a copy of a client's returns;

268.22 (7) fail to maintain a confidential relationship with clients or former clients;

268.23 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
268.24 personal information;

268.25 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
268.26 indirectly, any false, deceptive, or misleading statement or representation relating to or in
268.27 connection with the offering or provision of tax preparation services;

268.28 (10) require a client to enter into a loan arrangement in order to complete a client's return;

268.29 (11) claim credits or deductions on a client's return for which the tax preparer knows or
268.30 reasonably should know the client does not qualify;

269.1 (12) report a household income on a client's claim filed under chapter 290A that the tax
269.2 preparer knows or reasonably should know is not accurate;

269.3 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
269.4 13, 20, 20a, 26, or 28;

269.5 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
269.6 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

269.7 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
269.8 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

269.9 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
269.10 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

269.11 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
269.12 refund for tax preparation services;

269.13 (18) under any circumstances, withhold or fail to return to a client a document provided
269.14 by the client for use in preparing the client's return;

269.15 (19) ~~establish~~ take control or ownership of a client's refund by any means, including:

269.16 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
269.17 instrument, including an electronic version of a check;

269.18 (ii) directing an electronic or direct deposit of the refund into an account unless the
269.19 client's name is on the account; and

269.20 (iii) establishing or using an account in the preparer's name to receive a client's refund
269.21 through a direct deposit or any other instrument unless the client's name is also on the
269.22 account, except that a taxpayer may assign the portion of a refund representing the Minnesota
269.23 education credit available under section 290.0674 to a bank account without the client's
269.24 name, as provided under section 290.0679;

269.25 (20) fail to act in the best interests of the client;

269.26 (21) fail to safeguard and account for any money handled for the client;

269.27 (22) fail to disclose all material facts of which the preparer has knowledge which might
269.28 reasonably affect the client's rights and interests;

269.29 (23) violate any provision of section 332.37;

269.30 (24) include any of the following in any document provided or signed in connection
269.31 with the provision of tax preparation services:

- 270.1 (i) a hold harmless clause;
- 270.2 (ii) a confession of judgment or a power of attorney to confess judgment against the
270.3 client or appear as the client in any judicial proceeding;
- 270.4 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
270.5 a debtor;
- 270.6 (iv) an assignment of or an order for payment of wages or other compensation for
270.7 services;
- 270.8 (v) a provision in which the client agrees not to assert any claim or defense otherwise
270.9 available;
- 270.10 (vi) a waiver of any provision of this section or a release of any obligation required to
270.11 be performed on the part of the tax preparer; or
- 270.12 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
270.13 a class basis; or
- 270.14 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
270.15 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
270.16 form that may be retained by the client.

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

270.18 Delete the title and insert:

270.19 "A bill for an act

270.20 relating to financing and operation of state and local government; providing
270.21 conformity and nonconformity to certain federal tax law changes; modifying
270.22 individual income and corporate franchise taxes, sales and use taxes, partnership
270.23 taxes, special and excise taxes, property taxes, local government aids, provisions
270.24 related to local taxes, tax increment financing, public finance, and other
270.25 miscellaneous taxes and tax provisions; providing for various individual and
270.26 corporate additions and subtractions to income; modifying certain income tax
270.27 credits and authorizing new credits; providing for a pass-through entity tax;
270.28 modifying definitions for resident trusts; modifying existing and providing new
270.29 sales tax exemptions; modifying vapor and tobacco tax provisions; modifying and
270.30 providing certain property tax exemptions; modifying property classification
270.31 provisions; allowing for certain special assessments; modifying local government
270.32 aid appropriations; modifying existing local taxes and authorizing new local taxes;
270.33 modifying property tax homeowners' and renters' refunds; authorizing and
270.34 modifying certain tax increment financing provisions; providing for a tax
270.35 expenditure review commission and the required expiration of tax expenditures;
270.36 making appointments; requiring reports; appropriating money; amending Minnesota
270.37 Statutes 2020, sections 3.192; 3.8853, subdivision 2; 16A.152, subdivision 2;
270.38 41B.0391, subdivisions 2, 4; 116J.8737, subdivisions 5, 12; 270.41, subdivision
270.39 3a; 270.44; 270A.03, subdivision 2; 270B.12, subdivisions 8, 9; 270B.14, by
270.40 adding a subdivision; 270C.11, subdivisions 2, 4, 6; 270C.13, subdivision 1;
270.41 270C.22, subdivision 1; 270C.445, subdivisions 3, 6; 272.02, by adding a

271.1 subdivision; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063;
 271.2 273.0755; 273.124, subdivisions 1, 3a, 9, 13, 13c, 13d, 14; 273.1245, subdivision
 271.3 1; 273.13, subdivisions 23, 25, 34; 273.1315, subdivision 2; 273.18; 275.025,
 271.4 subdivisions 1, 2; 275.065, subdivisions 1, 3, by adding subdivisions; 275.066;
 271.5 287.04; 289A.02, subdivision 7; 289A.08, subdivisions 7, 11, by adding
 271.6 subdivisions; 289A.09, subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision
 271.7 1; 289A.37, subdivision 2; 289A.38, subdivisions 7, 8, 9, 10; 289A.42; 289A.60,
 271.8 subdivisions 15, 24; 290.01, subdivisions 19, 31, by adding a subdivision; 290.0121,
 271.9 subdivision 3; 290.0122, subdivisions 4, 8; 290.0131, by adding subdivisions;
 271.10 290.0132, subdivision 27, by adding subdivisions; 290.0133, subdivision 6, by
 271.11 adding subdivisions; 290.0134, subdivision 18, by adding a subdivision; 290.06,
 271.12 subdivisions 2c, 2d, 22, by adding subdivisions; 290.0671, subdivisions 1, 1a, 7;
 271.13 290.0674, subdivision 2a; 290.0681, subdivision 10; 290.0682; 290.0685,
 271.14 subdivision 1, by adding a subdivision; 290.091, subdivision 2; 290.17, by adding
 271.15 subdivisions; 290.21, subdivision 9, by adding a subdivision; 290.31, subdivision
 271.16 1; 290.92, subdivisions 1, 2a, 3, 4b, 4c, 5, 5a, 19, 20; 290.923, subdivision 9;
 271.17 290.993; 290A.03, subdivisions 3, 15; 290A.04, subdivisions 2, 2a; 290A.25;
 271.18 291.005, subdivision 1; 295.75, subdivision 2; 296A.06, subdivision 2; 297A.66,
 271.19 subdivision 3; 297A.67, by adding a subdivision; 297A.70, subdivision 13, by
 271.20 adding a subdivision; 297A.71, subdivision 52, by adding a subdivision; 297A.75,
 271.21 subdivisions 1, 2, 3; 297A.993, subdivision 2; 297E.021, subdivision 4; 297F.01,
 271.22 subdivisions 19, 22b, 23, by adding subdivisions; 297F.031; 297F.04, subdivision
 271.23 2; 297F.05, by adding a subdivision; 297F.09, subdivisions 3, 4a, 7, 10; 297F.10,
 271.24 subdivision 1; 297F.13, subdivision 4; 297F.17, subdivisions 1, 6; 297G.09,
 271.25 subdivision 9; 297G.16, subdivision 7; 297H.04, subdivision 2; 297H.05; 297I.05,
 271.26 subdivision 7; 297I.20, by adding a subdivision; 298.001, by adding a subdivision;
 271.27 298.24, subdivision 1; 298.405, subdivision 1; 325F.781, subdivisions 1, 5, 6;
 271.28 429.021, subdivision 1; 429.031, subdivision 3; 453A.04, subdivision 21, by adding
 271.29 a subdivision; 462A.38; 465.71; 469.176, by adding a subdivision; 469.1763,
 271.30 subdivisions 2, 3, 4; 469.319, subdivision 4; 475.56; 475.58, subdivision 3b;
 271.31 475.60, subdivision 1; 475.67, subdivision 8; 477A.013, subdivision 13; 477A.03,
 271.32 subdivisions 2a, 2b; 477A.10; 609B.153; Laws 2017, First Special Session chapter
 271.33 1, article 3, section 32, as amended; Laws 2019, First Special Session chapter 6,
 271.34 article 6, sections 25; 27; proposing coding for new law in Minnesota Statutes,
 271.35 chapters 3; 16A; 116U; 289A; 477A; proposing coding for new law as Minnesota
 271.36 Statutes, chapters 299O; 428B; repealing Minnesota Statutes 2020, sections
 271.37 270C.17, subdivision 2; 290.01, subdivisions 7b, 19i; 290.0131, subdivision 18;
 271.38 327C.01, subdivision 13; 327C.16; 469.055, subdivision 7."