

# Chapter 13

2025 First Special Session

**Subject** Omnibus Tax Act**Bill** H.F. 9**Analyst** Justin Cope  
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### Overview

This is the 2025 omnibus tax act.

## Article 1: Individual Income and Corporate Franchise Taxes

This article includes various provisions related to income taxes. Among other changes, the article includes the following provisions.

- Requires the Campaign Finance Board to establish an electronic filing system for the political contribution refund.

- Establishes new income tax subtractions for coerced debt, certain consumer enforcement public compensation payments, student loan payments made by critical access dental clinics, and for foreign service pensions.
- Clarifies the rollover of the sustainable aviation fuels credit.
- Makes the credit for increasing research (also known as the research credit) partially refundable, with growth in the refundable amount subject to a cap.
- Repeals the assignment process for the Minnesota education credit.

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<b>Section</b>	<b>Description – Article 1: Individual Income and Corporate Franchise Taxes</b>
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<b>1</b>	<b>Data privacy related to electronic reporting system.</b>
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Permits the Campaign Finance and Public Disclosure Board to access data entered by campaign treasurers into the electronic reporting system provided by the board. Under current law, data in the system may not be accessed by the board for any purpose without consent. This section would permit the board to access the data for the purpose of administering the political contribution refund program. Any data accessed, used, or maintained by the board based on this authority is classified as nonpublic data or private data on individuals.

Effective January 1, 2027.

<b>2</b>	<b>Refund receipts; penalty.</b>
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Requires the Campaign Finance and Public Disclosure Board to provide electronic receipts, rather than paper receipts, to political parties and candidates eligible to participate in the political contribution refund program. Specific detail regarding when the receipt may be issued, and what it must contain, is also provided.

At least once each business day, the board is required to provide a receipt validation report to the commissioner of revenue. Specific items that must be reported are specified in this section.

A receipt validation report and a receipt validation number are private data on individuals.

Effective for contributions made on or after December 31, 2026.

<b>3</b>	<b>Allocation limits.</b>
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Clarifies how the rollover of the sustainable aviation fuels credit allocation applies from fiscal years 2025 through 2030.

Effective the day following final enactment.

Section	Description – Article 1: Individual Income and Corporate Franchise Taxes
4	<p><b>Standards of conduct.</b></p> <p>Conforming change striking language in the tax preparer standards of conduct statute. The language stricken pertains to education credit assignments, which are repealed in section 20.</p> <p>Effective for tax year 2025 and later.</p>
5	<p><b>Discharges of indebtedness; coerced debt.</b></p> <p>Allows an income tax subtraction for coerced debts that are discharged.</p> <p>Effective for tax year 2025 and later.</p>
6	<p><b>Consumer enforcement public compensation payments.</b></p> <p>Provides a subtraction for the consumer enforcement public compensation payments in article 8.</p> <p>Effective for tax year 2025 and later.</p>
7	<p><b>Student loan education assistance paid by critical access dental clinics.</b></p> <p>Allows an income tax subtraction for student loan educational assistance payments that are made by a dentist or dental clinic that is designated as a critical access dental facility. The subtraction is limited to amounts in excess of the amounts excluded federally.</p> <p>Effective for tax year 2026 and later.</p>
8	<p><b>Foreign service pension; retirement pay.</b></p> <p>Allows an income tax subtraction for pension income from a federal pension earned for service in the foreign service. Adjusts the subtraction to account for the portion of the taxpayer's total service that represents employment in the foreign service.</p> <p>Effective for tax year 2025 and later.</p>
9	<p><b>Refund of contributions to political parties and candidates.</b></p> <p>Provides a number of amendments to the law governing the processing of political refund contribution claims, to reflect the electronic filing system required by this act. Among the changes, the commissioner is prohibited from issuing a refund, whether in one payment or in aggregate, to a taxpayer if the refund exceeds the maximum refund amount permitted by law. Refund claims must be submitted using the electronic filing system and must reflect a minimum \$10 claim amount.</p> <p>Effective for contributions made after December 31, 2026.</p>

Section	Description – Article 1: Individual Income and Corporate Franchise Taxes
10	<p><b>Limitation; carryover.</b></p> <p>Conforming change for partial refundability of the research credit.</p> <p>Effective for tax year 2025 and thereafter.</p>
11	<p><b>Credit to be partially refundable.</b></p> <p>Allows the research credit to be partially refundable beginning in tax year 2025, if a taxpayer elects. The amount refundable is the excess of the credit amount multiplied by the refundability rate. The excess is determined after the application of any existing research credit carryover. Amounts not refunded are an additional carryover.</p> <p>Effective for tax year 2025 and thereafter.</p>
12	<p><b>Determination of refundability rate.</b></p> <p>Establishes the refundability rate for the partially refundable research credit. For tax year 2025, the rate is 19.2 percent of the excess of tax liability. For tax years 2026 and 2027, the rate is 25 percent. For tax years 2028 and thereafter, the rate is the lesser of 25 percent or the percentage at which the dollar amount of refunds is approximately \$25,000,000.</p> <p>Effective for tax year 2025 and thereafter.</p>
13	<p><b>Appropriation.</b></p> <p>Appropriates the money needed to pay the research credit refunds to the commissioner of revenue.</p> <p>Effective the day following final enactment.</p>
14	<p><b>Definitions.</b></p> <p>Modifies the short line credit definitions to include new definitions for “credit certificate” and “transfer credit certificate.”</p> <p>Effective for tax year 2025 and thereafter.</p>
15	<p><b>Credit certificates; written agreement required; transferability.</b></p> <p>Requires the commissioner of transportation to issue the short line railroad credit certificates. Modifies the assignability of the credit by allowing the full amount of the credit to be transferred prior to a taxpayer claiming any portion of the credit or the full five-year carryover. Strikes the provision assigning liability on audit or assessments to the transferee and only allows one credit transfer per taxpayer per year.</p>

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

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Effective for tax year 2025 and thereafter.

**16 Definitions. (Alternative minimum tax)**

Specifies that the income tax subtractions in this article also reduce alternative minimum taxable income for the Minnesota alternative minimum tax.

Effective for claims based on property taxes payable in 2026 and later.

**17 Income. (Homestead credit refund)**

Specifies that discharges of indebtedness for coerced debts and consumer restitution payments are not included in the income measure used to calculate the homestead credit refund.

Effective for claims based on property taxes payable in 2026 and later.

**18 Correction of errors; certain retirement contributions.**

Requires an annuity contract provider to designate certain IRA contributions to the tax year prior to the year the contribution is made, provided that the contribution is timely made under federal law and notice is provided to the provider within three years of the taxpayer's return filing deadline.

Effective retroactively for contributions made in 2023, for designation to the 2022 contribution limit.

**19 Stipend payments to SEIU Healthcare Minnesota & Iowa bargaining unity members.**

Establishes an income tax subtraction for stipend payments that were included in a collective bargaining agreement between the state of Minnesota and SEIU Healthcare Minnesota and Iowa. Excludes stipends for the income measures used to calculate the renter's credit, homestead credit refund, and alternative minimum tax.

Specifies that stipend payments must not be considered income, assets, or personal property for the purposes of determining eligibility for child care assistance, general assistance, housing support, the Minnesota Family Investment Program, other economic assistance programs, or certain health care programs.

Effective the day following final enactment.

**20 Repealer. (Education credit assignment and political contribution refund)**

Repeals language allowing taxpayers to assign a Minnesota education credit to a lender.

Effective for assignments after December 31, 2025.

## Article 2: Property Taxes

This article makes changes related to property taxes, including establishing and modifying property tax exemptions, allowing assessors to reduce the valuation of property subject to a conservation easement, modifying the taxation of attachments and appurtenances of electric utility cooperatives' electric distribution systems, and allowing abatements for certain land bank property.

Section	Description – Article 2: Property Taxes
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| 1 | <p><b>Institutions of public charity.</b></p> <p>Limits property tax exemptions for charitable rental housing so that exemptions are not available to rental housing if its use only furthers a charity's purpose by providing housing to households chosen based on their income characteristics.</p> <p>Effective for taxes payable in 2026 and thereafter.</p> |
| 2 | <p><b>Property used to distribute electricity to farmers.</b></p> <p>Clarifies that the property tax exemption for electric distribution systems used to supply electricity to farmers does not include substations, or transmission or generation equipment.</p> <p>Effective for assessment year 2025 and thereafter.</p>                                       |
| 3 | <p><b>Certain property owned by an Indian Tribe.</b></p> <p>Provides a property tax exemption for property in Minneapolis owned by the Leech Lake Band of Ojibwe.</p> <p>Effective beginning with assessment year 2026.</p>   |
| 4 | <p><b>Certain property owned by an Indian Tribe.</b></p> <p>Provides a property tax exemption for five parcels of land owned by the Grand Portage Band.</p> <p>Effective beginning with assessment year 2026.</p>   |
| 5 | <p><b>Certain property owned by an Indian Tribe.</b></p> <p>Provides a property tax exemption for a property in Minneapolis owned by the Mille Lacs Band of Ojibwe.</p> <p>Effective beginning with assessment year 2026.</p>   |

**Section Description – Article 2: Property Taxes**

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- 6      **Conservation property tax valuation.**  
Allows assessors to reduce the valuation of property subject to a conservation easement if the property is in a metropolitan county that has both authorized such reductions and adopted a program to protect farmland or natural areas.  
  
Effective beginning with assessment year 2026.
- 7      **Requirement.**  
Defines the range of low-income rental properties which must comply with rent and income restrictions to qualify for class 4d(1) property tax classification.  
  
Effective beginning with assessment year 2026.
- 8      **Class 2.**  
Allows property to qualify for the agricultural property tax classification if it is used to produce floriculture products. This section also allows property to qualify for the agricultural property tax classification if it contains a residence, is less than 15 acres in size, and was used in the previous year for market farming that produced gross income of at least \$20,000.  
  
Effective beginning with assessment year 2026.
- 9      **Percentage of assessments; exceptions.**  
Clarifies how the distribution systems of electric utility cooperatives are taxed.  
  
Effective for assessment year 2025 and thereafter.
- 10     **Amount of tax; distribution.**  
Clarifies that certain distribution line property owned by utility cooperatives is exempt. Under current law, distribution lines, including their attachments and appurtenances, that are owned by a cooperative association and located outside of a city are not subject to property taxes. Instead, the cooperative associations pay a separate tax of \$10 for each 100 members of the association. This section clarifies that, except for substations and transmission or generation equipment, utility cooperatives' power distribution systems are exempt from property taxes.  
  
Effective beginning with assessment year 2025.

**Section Description – Article 2: Property Taxes**

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**11 Installment payments.**

Sets the interest rate on confession of judgment payments equal to the prime rate charged by banks, except that the rate cannot be lower than five percent or greater than 14 percent.

Effective January 1, 2026.

**12 Tax levy for free music in third class cities.**

Increases from \$3,000 to \$10,000 the amount a city of the third class is allowed to levy for free musical entertainment.

Effective the day following final enactment.

**13 Land bank organization.**

Defines “land bank organization” as an organization that acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal. A land bank organization must be either (1) a nonprofit organization with a governing board whose members are elected or appointed by a unit of government or an agency of a unit of government, or whose members are elected or appointed officials of a unit of government, or (2) a limited liability company of which such a nonprofit is the sole member.

**14 Authority.**

Allows local units of government to abate property taxes on property that will be used for the development of affordable housing and on property that is held by a land bank organization for future development.

**15 Duration limit.**

Allows abatements granted to property described in the previous section to be granted for a duration of up to five years.

**16 Repayment.**

Requires repayment, with interest, of an abatement received by a land bank organization if the land for which the abatement was granted is used for a purpose other than the purpose given by the land bank organization, prior to redevelopment. Land is subject to this provision for the same number of years that the abatement was granted.

**17 Exemption for land held for economic development.**

Extends a property tax exemption for property owned by the Bloomington Port Authority that is being held for economic development purposes. Under current law, property held by a political subdivision of the state for later resale for economic



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<b>Section</b>	<b>Description – Article 2: Property Taxes</b>
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development purposes is eligible for a property tax exemption for up to nine years. The current law exemption for the property covered by the section is set to expire after 2025. This provision would extend the exemption through 2031.

Effective upon approval by the Bloomington City Council.

<b>18</b>	<b>Property tax exemption; Red Lake Nation College.</b>
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Provides a property tax exemption for taxes paid in 2022 and a portion of taxes paid in 2021 for property in Minneapolis purchased by Red Lake Nation for the Red Lake Nation College. This section provides a state payment for taxes attributable to the exemption.

Effective the day following final enactment.

<b>19</b>	<b>Repealer.</b>
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Repeals a requirement that a fiscal disparities adjustment be included on certain property tax notices. This provision was enacted in 2023 and required an adjustment to the fiscal disparities line on property tax statements for properties within the Iron Range fiscal disparities program. With this repeal, the fiscal disparities line on property tax statements will be displayed as it had been prior to 2023.

Effective beginning with property taxes payable in 2026.

## **Article 3: Sales and Use Taxes; Excise Taxes**

This article makes changes to sales and use taxes and excise taxes, including requiring certain vendors to remit a portion of their June sales tax liability early, increasing the cannabis gross receipts tax, repealing the electricity sales tax exemption for qualified data centers, and allowing certain brewers to file alcohol excise tax returns annually.

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<b>Section</b>	<b>Description – Article 3: Sales and Use Taxes; Excise Taxes</b>
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<b>1</b>	<b>Sales and use tax.</b>
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Requires vendors with \$250,000 or more of annual sales tax liability to remit 5.6 percent of their June liability two business days before June 30. The remaining amount of the payment would be due on August 20.

Effective for tax remitted after May 31, 2027.

<b>2</b>	<b>Accelerated payment June sales tax liability; penalty for underpayment.</b>
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Establishes a late payment penalty for taxpayers who do not make the early June payment required in section 1. The penalty would equal ten percent of the difference

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Section	Description – Article 3: Sales and Use Taxes; Excise Taxes
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between the June liability and the amount actually paid. The penalty does not apply if the vendor remitted the lesser of 5.6 percent of the vendor's May or June liability.

Effective for taxes remitted after May 31, 2027.

**3 Gross receipts tax imposed.**

Increases the cannabis gross receipts tax from ten percent to 15 percent.

Effective for sales after June 30, 2025.

**4 Qualified data centers.**

Repeals the electricity sales tax exemption for qualified data centers and qualified refurbished data centers.

Effective for sales and purchases after June 30, 2025.

**5 Quarterly and annual payments and returns.**

Allows a brewer qualifying for the brewer tax credit to file its alcohol excise tax return annually, without authorization from the Department of Revenue.

Effective for returns filed in 2026.

## Article 4: Property Tax Aids

This article makes changes related to property tax aids including reducing Sustainable Forest Incentive Act payments, reducing the appropriation for aquatic invasive species prevention aid, proving aid penalty forgiveness to certain cities, and providing an adjustment in the 2026 local government aid calculation for the city of Baldwin.

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Section	Description – Article 4: Property Tax Aids
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**1 Calculation of incentive payment.**

Reduces Sustainable Forest Incentive Act (SFIA) payment rates by ten percent.

Effective beginning with payments made in 2027.

**2 Withdrawal procedures.**

Provides procedures for withdrawal from the SFIA program based on reductions in SFIA payments.

Effective the day following final enactment.

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

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- 3      **Towns.**  
Ensures the entire annual appropriation for township aid gets distributed.  
  
Effective beginning with aids payable in 2026.
- 4      **Appropriation.**  
Reduces from \$10,000,000 to \$5,000,000 the annual appropriation for aquatic invasive species prevention aid.  
  
Effective beginning with aids payable in 2027.
- 5      **Aid penalty forgiveness.**  
Provides local government aid (LGA) penalty forgiveness for the cities of Stewart, Alpha, Odin, and Trosky. Upon submitting required financial reports, each city will receive any withheld LGA and small city assistance payments.  
  
Effective the day following final enactment.
- 6      **Base year formula aid for the city of Baldwin.**  
Adjusts the calculation for 2026 LGA for the city of Baldwin. Under this section, it would be assumed that, for the purposes of the 2026 LGA calculation, the city received \$2.85 per capita in LGA in 2025. The city of Baldwin incorporated in 2024 and will first be eligible to receive LGA in 2026. The adjustment under this section allows the city's aid to phase in more quickly than it would otherwise, raising the city's 2026 aid from \$206 to \$20,169.  
  
Effective for aids payable in 2026 only.

## **Article 5: Tax Increment Financing**

This article extends by one year the deadline of certain temporary tax increment financing authority which was scheduled to expire December 31, 2025. This article also grants special tax increment financing authority to several cities and modifies prior special tax increment financing authority for several cities.

**Section Description – Article 5: Tax Increment Financing**

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- 1 Temporary use on increment authorized.**  
Extends the expiration of certain temporary tax increment financing authority from 2025 to 2026. Clarifies how to treat increment transferred under that authority after the temporary authority expires.
- 2 City of Ramsey; tax increment financing district; special rules.**  
Extends to December 31, 2025, the period of time for Ramsey to make an interfund loan agreement for a district established under prior special law.
- 3 City of Maplewood; tax increment financing district; special rules.**  
Expands the area in which increment can be spent for redevelopment districts established under prior special law for the city of Maplewood. Reimposes general law requirements requiring that a certain percentage of increment from those districts be spent within the districts.
- 4 City of Maple Grove; tax increment financing district.**  
Extends the five-year rule period to 13 years for districts established under prior special law for the city of Maple Grove. Allows soil deficiencies districts established under that law to collect up to 26 years of increment, up from 21 years.
- 5 City of St. Paul; Ford site redevelopment TIF district.**  
Extends the five-year rule period to 11 years for a district established under prior special law for the city of St. Paul. Provides a conforming extension of the six-year rule period.
- 6 City of Bloomington; temporary use of increment; extension.**  
Extends the deadline during which the city of Bloomington could use certain temporary general law TIF authority for two of its districts from December 31, 2026, to December 31, 2027.
- 7 City of Brooklyn Center; TIF authority.**  
Allows the city of Brooklyn Center to establish up to two redevelopment districts before 2032 on specified parcels. Those districts would be subject to special rules that would: (1) exempt the districts from requirements that their establishment be supported by a finding of blight; and (2) exempt the districts from requirements that 90 percent of their increment be spent on blight correction.
- 8 City of Brooklyn Park; TIF authority; 610/Zane area.**  
Allows the city of Brooklyn Center to establish up to two redevelopment districts before 2032 on specified parcels. Those districts would be subject to special rules that would: (1) exempt the districts from requirements that their establishment be

**Section Description – Article 5: Tax Increment Financing**

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- supported by a finding of blights; and (2) exempt the districts from requirements that 90 percent of their increment be spent on blight correction.
- 9      **City of Brooklyn Park; TIF authority; Biotech area.**  
Allows the city of Brooklyn Center to establish up to two redevelopment districts before 2032 on specified parcels. Those districts would be subject to special rules that would: (1) exempt the districts from requirements that their establishment be supported by a finding of blight; and (2) exempt the districts from requirements that 90 percent of their increment be spent on blight correction.
- 10     **City of Brooklyn Park; TIF authority; Village Creek area.**  
Allows the city of Brooklyn Center to establish up to two redevelopment districts before 2032 on specified parcels. Those districts would be subject to special rules that would: (1) exempt the districts from requirements that their establishment be supported by a finding of blight; and (2) exempt the districts from requirements that 90 percent of their increment be spent on blight correction.
- 11     **City of Eden Prairie; tax increment financing authority; Eden Prairie Center.**  
Allows the city of Eden Prairie to establish up to two redevelopment districts before 2027 on specified parcels. Those districts would be subject to special rules that would: (1) exempt the districts from requirements that their establishment be supported by a finding of blight; and (2) exempt the districts from requirements that 90 percent of their increment be spent on blight correction.
- 12     **City of Edina; 70<sup>th</sup> and France TIF district; five-year rule extension; duration extension.**  
For a certain tax increment financing district in Edina, extends the five-year rule period to ten years, provides a conforming extension of the six-year rule period to 11 years, and extends the duration of the district from a maximum of 16 years of increment collection to a maximum of 26 years of increment collection.
- 13     **City of Edina; 72<sup>nd</sup> and France TIF district; five-year rule extension; duration extension.**  
For a certain tax increment financing district in Edina, extends the five-year rule period to ten years, provides a conforming extension of the six-year rule period to 11 years, and extends the duration of the district from a maximum of 26 years of increment collection to a maximum of 31 years of increment collection.

**Section Description – Article 5: Tax Increment Financing**

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- 14      **City of Marshall; temporary use of increment; extension.**  
Extends the deadline during which the city of Marshall could use certain temporary general law TIF authority for three of its districts from December 31, 2026, to December 31, 2027.
- 15      **City of Minnetonka; OPUS TIF district; five-year rule extension.**  
For a certain tax increment financing district in the city of Minnetonka, extends the five-year rule period to ten years and provides a conforming extension of the six-year rule period to 11 years.
- 16      **City of Moorhead; tax increment financing district no. 31; five-year rule extension.**  
For a certain tax increment financing district in the city of Moorhead, extends the five-year rule period to ten years and provides a conforming extension of the six-year rule period to 11 years.
- 17      **City of Oakdale; temporary use of increment; extension.**  
Extends the deadline during which the city of Oakdale could use certain temporary general law TIF authority for three of its districts from December 31, 2026, to December 31, 2027.
- 18      **City of Plymouth; tax increment financing; establishment.**  
Allows the city of Plymouth to establish up to two redevelopment districts before 2032 on specified parcels. Those districts would be subject to special rules that would: (1) exempt the districts from requirements that their establishment be supported by a finding of blight; (2) exempt the districts from requirements that 90 percent of their increment be spent on blight correction; and (3) extend the five-year and six-year rules' periods to ten and 11 years, respectively.
- 19      **City of St. Cloud; tax increment financing; establishment.**  
Allows the city of St. Cloud to establish up to two redevelopment districts before 2032 on specified parcels. Those districts would be subject to special rules that would: (1) exempt the districts from requirements that their establishment be supported by a finding of blight; (2) exempt the districts from requirements that 90 percent of their increment be spent on blight correction; and (3) deems expenditures of increment allowed under this authority for use on public infrastructure improvement to be considered within the district for the purposes of limitations on expenditures of increment outside the district.
- 20      **City of St. Cloud; Cooper Avenue redevelopment district; five-year rule extension.**  
For a certain district in the city of St. Cloud, extends the five-year rule period to ten years. Provides a conforming extension of the six-year rule period.

## Article 6: Local Sales and Use Taxes

This article makes changes to the current local sales tax for the city of Hermantown.

Section	Description – Article 6: Local Sales and Use Taxes
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1	<b>Sales tax authorized.</b>
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Allows the Hermantown local sales tax to be used to fund multiple sewer line and pump station projects, rather than the single project currently authorized.

Effective the day following final enactment.

2	<b>Termination.</b>
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Extends the expiration date of the Hermantown local sales tax by up to ten years to the earlier of December 31, 2046, or when the city first determines that the authorized projects have been paid for.

Effective the day following final enactment.

## Article 7: Public Finance

This article modifies provisions regarding both the financing of local government projects and the allocation of tax-exempt bonds.

Section	Description – Article 7: Public Finance
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1	<b>Application of election requirement.</b>
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Shortens the notice period before a hearing regarding issuance of county capital improvement bonds from 14 to ten days.

2	<b>Definitions.</b>
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Expands the definition of “debt obligations” for the purposes of building debt the state may guarantee to include certain county debts for the construction of courthouses or justice centers connected to a jail, correctional facility, or other law enforcement facility.

3	<b>Application.</b>
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Expands the state guarantee on payment of principal and interest of certain bonds to include refunding bonds issued to refund previously guaranteed bonds.

**Section Description – Article 7: Public Finance**

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- 4 Program review.**  
Shortens the notice period before a hearing regarding adoption of certain municipal housing programs and amended housing programs from 15 to ten days.
- 5 Sections that apply if federal debt limit applies.**  
Modifies the applicability of the Minnesota Bond Allocation Act to certain economic development authority debt so that, instead of applying to tax-exempt obligations with a limit on their amount, they apply to tax-exempt obligations required to obtain an allocation of volume cap.
- 6 Hearing.**  
Shortens the notice period before hearing a proposed municipal industrial development project from 14 to ten days.
- 7 Notice and public hearing.**  
Shortens the notice period before a hearing regarding approval of an economic development abatement from 11 days to ten days.
- 8 Application for residential rental projects.**  
Requires that recipients of allocations of tax-exempt bonds for residential rental projects issue any bonds by the last business day of the year in which the allocation was received.
- 9 Application for all other types of qualified bonds.**  
Requires that recipients of allocations of tax-exempt bonds that are not for residential rental projects issue any bonds by the last business day of the year in which the allocation was received.
- 10 Election requirement.**  
Shortens the notice period before a hearing regarding a city or town proposal to issue capital improvement bonds from 14 to ten days.
- 11 Funds; how provided.**  
Expands a list of county projects for which a county cannot enter a construction contract without first levying a tax or issuing county bonds so that the list includes sheriff's offices, law enforcement centers, and courthouses or justice centers attached to a county jail.



## Article 8: Miscellaneous

This article makes various tax related changes, including changes to the purpose statement requirement for tax expenditures, changes related to the operation of the Tax Expenditure Review Commission, the establishment of a consumer protection restitution account, repeal of local government cannabis aid, changes to penalties for landlords who fail to furnish a certificate of rent paid for the property tax refund program, and an increase in the debt limit for the State Agricultural Society.

Section	Description – Article 8: Miscellaneous
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| 1 | <p><b>Requirements for new or renewed tax expenditures.</b></p> <p>Modifies the requirement that bills creating, renewing, or continuing a tax expenditure include a purpose statement. Under current law, those bills must include a statement of purpose in the bill text; the bill proposes that the tax committee chairs of the senate and house must submit a “statement of objective” to the Tax Expenditure Review Commission (TERC) within 60 days of the enactment of a tax expenditure.</p> <p>Effective the day following final enactment</p> |
| 2 | <p><b>Definitions.</b></p> <p>Defines “commissioner” as the commissioner of revenue.</p> <p>Effective the day following final enactment.</p>   |
| 3 | <p><b>Membership.</b></p> <p>Permits the commissioner of revenue to designate another individual to represent the commissioner at meetings of the TERC.</p> <p>Effective the day following final enactment.</p>  |
| 4 | <p><b>Duties.</b></p> <p>Conforming change to reflect the new process in the amendment for tax expenditure purpose statements.</p> <p>Effective the day following final enactment.</p>   |
| 5 | <p><b>Components of review.</b></p> <p>Conforming change to reflect the new process in the amendment for tax expenditure purpose statements.</p> <p>Effective the day following final enactment.</p>   |

**Section Description – Article 8: Miscellaneous**

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**6 Report to legislature.**

Requires the TERC report to be submitted to the legislature by February 15. Under current law the report is due December 15.

Effective the day following final enactment.

**7 Terms; vacancies; meetings.**

Requires the commissioner of revenue to convene the first meeting of the commission.

Effective the day following final enactment.

**8 Undistributed money to consumer protection restitution account.**

Requires the attorney general (AG) to deposit funds received on behalf of injured persons that can't be distributed to victims in the consumer protection restitution account, rather than the general fund.

Effective July 1, 2025.

**9 Consumer protection restitution account.**

**Subd. 1. Creation of account.** Creates the consumer protection restitution account in the special revenue fund and appropriates money to the AG.

**Subd. 2. Definitions.** Defines "account," "consumer enforcement action," "consumer enforcement public compensation," and others.

**Subd. 3. Money deposited in account.** Requires 50 percent of money recovered by the AG in a consumer enforcement action that is payable to the state and not designated for another purpose be deposited in the account. Requires the remaining 50 percent of the money recovered by the AG in a consumer enforcement action that is payable to the state and not designed for another purpose be deposited in the general fund.

**Subd. 4. Permissible use of account.** Allows money in the account to be used only to distribute consumer enforcement action public compensation to eligible consumers and to administer the account. Limits the cost to administer the account to a maximum of three percent of the account total.

**Subd. 5. Distributions to eligible consumers.** Requires money in the account to be paid to eligible consumers with an identifiable amount of unpaid consumer enforcement public compensation. Requires that, if the amount of money is insufficient to pay all distributions, the money be paid to consumers with the oldest final order.

**Section Description – Article 8: Miscellaneous**

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**Subd. 6. Impractical payments and unreasonable effort as to unpaid compensation.** Provides the circumstances under which the AG can find distribution of funds impractical and when an attempt to determine an identifiable amount is unreasonable.

**Subd. 7. Concluded distributions.** Requires the AG to stop providing distributions when they determine all eligible consumers have received a distribution or distribution was deemed impractical and no other eligible consumers exist or identifying eligible consumers would be unreasonable.

**Subd. 8. Annual report.** Requires the AG to draft a report regarding distributions and post it on their website and provide it to relevant legislative committees.

**Subd. 9. Account administrator.** Allows the AG to appoint an administrator for the account and its distributions.

**Subd. 10. No private right of action.** Clarifies that a person does not have a private right of action for a payment from the account or the administrator.

**Subd. 11. Collection efforts unaffected.** Clarifies that the distribution of money from the account does not affect the AG's authority to enforce final orders against persons required to pay consumer enforcement compensation.

Effective July 1, 2025.

**10 Exception.**

Makes technical changes and adds cross-references to the consumer protection restitution account.

Effective July 1, 2025.

**11 Bonding authority.**

Raises the State Agricultural Society's debt limit for state fair bonds from \$30,000,000 to \$50,000,000.

Effective July 1, 2025.

**12 Contents.**

Conforming change to reflect the new process in the amendment for tax expenditure purpose statements.

Effective the day following final enactment.

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**13 Penalties relating to property tax refunds and certificates of rent paid.**

Reduces the penalty for failing to provide a renter with a certificate of rent paid from \$100 to \$50. Establishes a new \$50 penalty for failing to provide DOR with a copy of the certificate of rent paid.

Effective for certificates of rent paid issued after December 31, 2025.

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

Requires owners or managing agents to provide DOR with a copy of the certificate of rent paid that is furnished to the renter. Under current law, DOR has the authority to require this change, and has required it in practice.

Specifies that an owner who fails to provide a renter with a certificate of rent paid is subject to the penalty established in section 13.

Effective for certificates of rent paid issued after December 31, 2025.

**15 Park owner to furnish rent certificate.**

Requires manufactured home park owners or managing agents to provide DOR with a copy of the certificate of rent paid that is furnished to the renter. Under current law, DOR has the authority to require this change, and has required it in practice.

Specifies that a park owner who fails to provide a renter with a certificate of rent paid is subject to the penalty established in section 13.

Effective for certificates of rent paid issued after December 31, 2025.

**16 Credit for research.**

Establishes a permanent rate of 0.5 percent for the credit for research, under the provider tax.

Effective the day following final enactment.

**17 Pharmacy refund.**

Modifies the timing for when a pharmacy may claim a refund for the legend drugs tax paid on out-of-state drug shipments.

Effective January 1, 2026.

**Section Description – Article 8: Miscellaneous**

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**18 Deposit of revenues; account established.**

Eliminates the local government cannabis aid account and removes the cannabis gross receipts tax dedication to that account. This is a conforming change related to the repeal of local government cannabis aid.

The dedication is effective for revenues received after June 30, 2025. The local government cannabis aid account is eliminated effective January 2, 2026.

**19 Criminal act.**

Removes a cross-reference to chapter 297D from the definition of “criminal act” under chapter 609. This is a technical correction necessary for the repeal of the tax on cannabis and controlled substances.

Effective August 1, 2025.

**20 Cancellation of amounts in local government cannabis aid account.**

Cancels any remaining balance in the local government cannabis aid account on January 2, 2026. This is a conforming change related to the repeal of local government cannabis aid.

Effective the day following final enactment.

**21 Appropriation; extension of availability.**

Extends until June 30, 2027, the availability of a 2023 grant to the city of Minneapolis.

**22 Repealer.**

Repeals the marijuana and controlled substance tax and the local government cannabis aid.

The repeal of the marijuana and controlled substance tax is effective August 1, 2025, and the repeal of local government cannabis aid is effective for aids payable in 2026 and thereafter.

## **Article 9: Department of Revenue: Individual Income and Corporate Franchise Taxes**

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

Section	Description – Article 9: Department of Revenue: Individual Income and Corporate Franchise Taxes
1	<p><b>Credit allowed. (Film production credit)</b></p> <p>Conforming change for a provision enacted in 2023 that allows taxpayers to claim the film credit if their expenses were incurred in any consecutive 12-month period.</p> <p>Effective retroactively for tax year 2023 and later.</p>
2	<p><b>Social security benefits.</b></p> <p>Corrects internal cross-references in the Social Security subtraction.</p> <p>Effective retroactively for tax year 2023 and later.</p>
3	<p><b>Qualified retirement benefits.</b></p> <p>Clarifies that the public pension subtraction for “basic” pension plans applies to pensions earned based on service for which the member or survivor did not earn Social Security benefits.</p> <p>Effective the day following final enactment.</p>
4	<p><b>Delayed business interest.</b></p> <p>Corrects a cross-reference to the corporate disallowed business interest deduction.</p> <p>Effective retroactively for tax year 2020 and later.</p>
5	<p><b>Definitions. (Renter’s credit)</b></p> <p>Requires taxpayers to have claimed a dependent to claim the renter’s credit dependent exemption.</p> <p>Effective for tax year 2025 and later.</p>
6	<p><b>Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support payments. (Renter’s credit)</b></p> <p>Modifies the calculation of “gross rent” for the renter’s credit, for claimants that had a portion of their rent paid for by medical assistance.</p> <p>Effective for tax year 2025 and later.</p>
7	<p><b>One claimant per household. (Renter’s credit)</b></p> <p>Clarifies that married taxpayers filing joint returns can use rent paid by both spouses to claim the renter’s credit.</p> <p>Effective for tax year 2025 and later.</p>

Section	Description – Article 9: Department of Revenue: Individual Income and Corporate Franchise Taxes
8	<p><b>Credit allowed; limitation; carryover. (Short line credit)</b></p> <p>Clarifies that short line credit payments cannot exceed the product of the number of qualifying miles of railroad track and \$3,000.</p> <p>Effective retroactively for tax year 2023 and later.</p>
9	<p><b>Temporary additions and subtractions; individuals, estates, and trusts.</b></p> <p>Amends the temporary provisions of the 2023 conformity law to clarify that “net income” includes the delayed business interest addition for composite and pass-through entity filers.</p> <p>Effective retroactively at the same time the provisions adopted in the 2023 conformity bill were effective for federal purposes.</p>

## Article 10: Department of Revenue: Sales and Use Taxes

This article makes a number of policy and technical changes related to sales and use taxes.

Section	Description – Article 10: Department of Revenue: Sales and Use Taxes
1	<p><b>Sustainable aviation fuels.</b></p> <p>Limits the sustainable aviation fuels sales tax exemption to materials, supplies, and equipment purchased after June 30, 2027, and before July 1, 2034.</p> <p>Effective the day following final enactment.</p>
2	<p><b>Tax collected.</b></p> <p>Amends the sales tax refund statute to properly reference the exemption for sustainable aviation fuel facilities.</p> <p>Effective the day following final enactment.</p>
3	<p><b>Refund; eligible persons.</b></p> <p>Conforming change related to section 2.</p> <p>Effective the day following final enactment.</p>
4	<p><b>Application.</b></p> <p>Conforming change related to section 2.</p>

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**Section Description – Article 10: Department of Revenue: Sales and Use Taxes**

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Effective the day following final enactment.

**5 Deposit of revenues.**

Modifies the transportation dedication of the sales taxes from the sale and purchase of motor vehicle repair and replacement parts. Requires DOR to estimate the monthly sales taxes from motor vehicle repair and replacement parts after the February forecast. DOR would then make monthly deposits of the estimated amounts into the appropriate transportation funds.

Effective the day following final enactment.

**6 Use of zip code in determining location of sale.**

Specifies that a seller has exercised due diligence in attempting to identify the nine-digit zip code for a sale if it utilizes certain software, including the look-up application created by the Postal Service or software certified by the Coding Accuracy Support System. Specifies that for a sale that does not require a full street address, due diligence requires the seller to request the complete street address of the purchaser or the nine-digit zip code of the purchaser. Provides that a seller must exercise due diligence to be relieved of additional liability for sales tax due to incorrect scoring.

Effective for sales and purchases after June 30, 2025.

**7 Definitions.**

Aligns the definition of “certified service provider” with the definition in the Streamlined Sales and Use Tax Agreement.

Effective for sales and purchases made after June 30, 2025.

**8 Relief from certain liability.**

Provides a certified service provider with relief from liability when a seller fails to remit all or a portion of their taxes prior to the due date if the provider provided sufficient notice of the seller’s failure to remit.

Effective for sales and purchases made after June 30, 2025.

## **Article 11: Department of Revenue: Miscellaneous**

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



**Section Description – Article 11: Department of Revenue: Miscellaneous**

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**1 Standards of conduct.**

Clarifies that a tax preparer may not take ownership or control or establish an account in the preparer's name for any department payment paid to a client, which ensures that any advance of the child tax credit (or similar payments) paid to a client receives the same protection as a tax refund.

Effective for taxable years beginning after December 31, 2024.

**2 Enforcement; administrative order; penalties; cease and desist.**

Lengthens the timelines for parties and the Office of Administrative Hearings to act in a contested case proceeding regarding a cease and desist order or administrative penalty issued to a tax preparer. Provides that a contested case hearing begins with the issuance of a notice and order for the hearing.

Effective for penalties assessed and orders issued after the day following final enactment.

**3 Class 1.**

Allows the value of class 1b property in excess of \$50,000 to be classified as 4d(2) community land trust property if the property meets the requirements for the 4d(2) classification.

Effective beginning with assessment year 2025 and thereafter.

**4 Return by qualified heirs. (Estate tax)**

For purposes of administering the recapture tax provisions for the qualified property subtractions, removes the requirement that a qualified heir file two returns with the commissioner—the qualified heir would be required to file the second return only.

Effective the day following final enactment.

**5 Annual audit and certified inventory.**

Clarifies that the amount of the transportation sales tax dedication from the sales tax on motor vehicle repair and replacement parts is based on an estimated amount, and is deposited on a monthly basis.

Effective the day following final enactment.

**6 Film production credit.**

Extends the expiration date for the film credit under the premium tax to match the expiration date for the credit under the individual income and corporate franchise taxes enacted in 2023.

**Section Description – Article 11: Department of Revenue: Miscellaneous**

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Effective the day following final enactment.

**7 Extension of statute of limitations.**

Fixes a broken cross-reference in the 2023 tax conformity act (chapter 1).

Effective retroactively at the same time the changes in the conformity bill were effective for federal purposes.



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