

Bill Comparison Summary of House File 677, Third Engrossment/ House File 677, First Unofficial Engrossment

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Sec.	Article 1: One-time Provisions	
1	<p>Additional revenues; priorities. Adds reduction in the rate of the surcharge imposed in section 6 for tax year 2014 as the fifth priority use for unrestricted general fund balances projected for the fiscal year 2014-2015 biennium, after reduction of the property tax recognition shift. Requires the commissioner of management and budget to certify the amount available for surcharge reduction to the commissioner of revenue, and the commissioner of revenue to reduce the surcharge accordingly in one-tenth of one percent increments.</p> <p>Current law provides that if a forecast shows a surplus for the general fund in the current biennium, the commissioner of management and budget must allocate the surplus in priority order:</p> <ul style="list-style-type: none"> ▶ to the cash flow account, until it reaches \$350 million; ▶ to the budget reserve account, until it reaches \$653 million; ▶ to increase the school aid payment schedule to 90 percent; ▶ to restore previous school aid reductions and reduce the property tax recognition shift accordingly; and ▶ to restore the \$15 million transferred in 2008 from the state airports fund to the general fund. <p>At present the cash flow account and budget reserve account levels equal or exceed the amounts specified. Section 3 increases the school aid payment schedule to 90 percent in fiscal year 2014, and section 2 reduces the property tax recognition shift in fiscal year 2014. As a result, both education shifts will be repaid and any unrestricted general fund balance projected for the fiscal year 2014-2015 biennium in the November 2013 or February 2014 economic forecast would go to reducing the surcharge rate, and, if adequate, to the airports fund.</p>	No comparable provision.
2	<p>Levy recognition; property tax early recognition shift. Eliminates the property tax early recognition shift for fiscal years 2014 and later years.</p> <p>Background. The property tax recognition shift requires school districts to recognize a portion of their property taxes in the previous fiscal year. The current property tax recognition shift is set at 48.6 percent of a school district's shiftable property tax levies.</p>	No comparable provision.
3	<p>Education aid payment shift. Restores the aid payment shift percentage to 90 for fiscal years 2014 and following years.</p> <p>Background. The aid payment shift works by having the state pay only part of the aid entitlement to the schools in the current year (in twice-monthly payments), and paying the remainder of the aid</p>	No comparable provision.

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Sec.	Article 1: One-time Provisions	
	owed in a “clean-up” payment in the following year (in payments primarily in September and October). The aid payment shift percentage is currently 82.5.	
4	<p>Additions to taxable income; individuals. Conforms to increased section 179 expensing amounts enacted in the American Taxpayer Relief Act of 2012 (ATRA) for tax year 2013 for individual taxpayers.</p> <p>Background. Present law requires taxpayers to add to taxable income 80 percent of the increased section 179 expensing allowed at the federal level, and then subtract one-fifth of the amount added back in each of the five following tax years, so that the full amount is subtracted over a six-year period, rather than in one year as at the federal level. For tax year 2013, the allowance is \$500,000 under federal law (the allowance is phased out for total amounts of property purchased over \$2 million), compared with \$25,000 under Minnesota law (phased out for amounts over \$100,000). Absent congressional action, in tax year 2014 the federal allowance will revert to \$25,000 and the phaseout threshold to \$100,000.</p>	No comparable provision.
5	<p>Additions to taxable income; corporations. Conforms to increased federal section 179 expensing amounts enacted in ATRA for tax year 2013 for corporate taxpayers. See section 4 for background.</p>	No comparable provision.
6	<p>Income surcharge. Imposes a surcharge for tax years 2013 and 2014. The surcharge equals four percent of taxable income in excess of \$500,000 for married joint, single, and head of household filers, and in excess of \$250,000 for married separate filers, estates, and trusts.</p>	No comparable provision.
7	<p>Capital equipment. Eliminates the requirement that the sales tax on capital equipment purchases be paid at the time of purchase and refunded as provided in statute. Effective for sales and purchases made after June 30, 2013.</p>	<p>Article 7, Sec. 29. Capital equipment exemption. Similar – but doesn’t begin the upfront exemption until July 1, 2014 and doesn’t apply it to all purchasers until July 1, 2015.</p> <p>For sales and purchases made after June 30, 2014, and before July 1, 2015 it allows an upfront sales tax exemption for capital equipment purchases for certain purchasers. A purchaser qualifies for the upfront exemption if, during calendar year 2013:</p> <ul style="list-style-type: none"> • the purchaser employed 80 or fewer full-time equivalent employees; and • if another business owns at least 20 percent of the purchaser, the total number of full-time equivalent employees employed by the purchaser and the owning business is not more than 80 full-time equivalent employees. This provision is applicable for any business that owns at least 20 percent of the purchaser. <p>During this time, purchasers that do not meet these</p>

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		qualifications must still pay the sales tax on capital equipment and apply for a refund as specified in current law. Beginning July 1, 2015, all qualifying capital equipment purchases would be eligible for the upfront exemption.
8	Tax collected. Eliminates a cross reference to the collection requirement in section 7. Effective for sales and purchases made after June 30, 2013.	Article 7, sec. 45 (part). Similar but not effective until after June 30, 2015.
9	Refund; eligible persons. Eliminates a reference to who can apply for a refund for the upfront tax payment eliminated in section 7. Effective for sales and purchases made after June 30, 2013.	Article 7, section 46 (part). Same.
10	Application. Corrects a cross reference related to the repeal of the capital equipment sales tax collection requirement. Effective for sales and purchases made after June 30, 2013.	Article 7, section 47 (part). Same.
11	Estimated tax; penalty exemption (safe harbor). Exempts from penalties and interest the underpayment of estimated tax before July 1, 2013, resulting from the four percent surcharge in section 6.	No comparable provision.
12	Appropriations. Makes the following appropriations to the commissioner of education: <ul style="list-style-type: none"> ▶ \$262.6 million for the reducing the education aid payment shift to 90 percent ▶ \$569.9 million for eliminating the property tax recognition shift ▶ \$21.7 million for additional education aids paid as a result of eliminating the property tax recognition shift 	No comparable provision.

Sec.	Article 2: Homestead Credit Refund and Renter Property Tax Refund	
1	<p>Household income. Modifies the definition of household income used for the property tax refund program (for both homeowners and renters) by excluding a portion of contributions to voluntary retirement plans, and including all distributions from such plans. Also modifies the addition for the federal tuition deduction to reference the Internal Revenue Code and strikes the obsolete addition for unemployment benefits.</p> <p>Background. The definition of household income used for the property tax refund program begins with federal adjusted gross income (FAGI), but then requires the taxpayer to add a number of income sources not included in federal adjusted gross income such as nontaxable Social Security benefits, worker’s compensation benefits, veteran’s benefits, etc.</p> <p>Contributions. Current law includes contributions</p>	<p>Different. Article 2, section 24 modifies the definition of household income by increasing the exemption amounts allowed to renters.</p> <p>No comparable provision</p>

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Sec.	Article 2: Homestead Credit Refund and Renter Property Tax Refund	
<p>2</p>	<p>to all voluntary retirement plans in household income. Contributions to Roth individual retirement accounts (IRAs) and other Roth plans are included in FAGI in household income, and property tax refund claimants are required to add to household income nontaxable contributions to voluntary retirement programs such as IRAs, SEP and Keogh plans, 401(k)s, and deferred compensation plans.</p> <p>This section allows claimants to exclude from household income up to \$5,500 in contributions, including contributions to Roth IRAs and other Roth plans. The limit on contributions is defined by reference to the contribution limit for IRAs in effect for the tax year, which equals \$5,500 for tax year 2013.</p> <p>Distributions. Current law includes distributions from all voluntary retirement plans, except distributions from Roth style accounts and plans, to be added to household income.</p> <p>This section requires claimants to include Roth distributions in household income.</p> <p>No comparable provision</p> <p>Effective date. Effective for refunds based on taxes payable in 2014 and rent paid in 2013.</p> <p>Homestead credit refund. Names the homeowner property tax refund the “homestead credit refund,” and provides a new schedule for the refund. The new schedule decreases the threshold percentage used to determine eligibility for the refund, for homeowners with household income between \$19,500 and \$105,300, with the threshold decreasing to 2.0 percent for homeowners with household incomes from \$19,500 to \$64,930, and the threshold percentage at the highest income levels eligible decreasing from 3.5 percent to 2.5 percent. The schedule also updates the income brackets and maximum refunds to the amounts projected to be in effect under current law for refunds based on taxes payable in 2014. The reduction in the threshold percentage allows for the number of income ranges in the schedule to be decreased from 27 to 23. Effective beginning with refunds based on taxes payable in 2014.</p> <p>Background. The refund is also sometimes called the “circuit breaker” and is a state-paid refund that provides tax relief to homeowners whose property</p>	<p>Increases the subtractions allowed for individuals claiming the renter’s property tax refund, by one-tenth. The allowed subtraction for renters aged 65 or disabled is increased to 1.5 times the exemption amount. Individuals who are married, aged 65 and/or disabled and living in the same household receive an additional subtraction equal to the exemption amount.</p> <p>Same</p> <p>No comparable provision.</p>

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Sec.	<p>Article 2: Homestead Credit Refund and Renter Property Tax Refund</p>	
<p>3</p>	<p>taxes are high relative to their incomes. The refund equals a percentage of property taxes paid over a threshold of income, up to a maximum amount. The income measure used is household income, a broad measure that includes most taxable and nontaxable income, after adjustment for household size. The refund schedule has 27 income brackets: the threshold percentage increases as income increases, the percentage of taxes over the threshold paid by the homeowner (the copayment) also increases as income increases, and the maximum refund decreases as income increases. For refunds based on taxes payable in 2014, the maximum income eligible is projected to be \$105,500.</p> <p>Renter property tax refund.</p> <p>Background. The refund is also sometimes called the “renters’ credit,” and is a state-paid refund that provides tax relief to renters whose property taxes are high relative to their incomes. Property tax for renters is defined to equal 17 percent of rent paid. The refund equals a percentage of property taxes paid over a threshold of income, up to a maximum amount. The income measure used is household income, a broad measure that includes most taxable and nontaxable income, after adjustment for household size. The refund schedule has 29 income brackets: the threshold percentage increases as income increases, the percentage of taxes over the threshold paid by the renter (the copayment) also increases as income increases, and the maximum refund decreases as income increases. For refunds based on taxes payable in 2014, the maximum income eligible is projected to be \$57,170.</p> <p>Renter property tax refund; thresholds. Decreases the threshold percentages under the renter property tax refund to be no higher than the threshold percentages proposed for the homestead credit refund in section 2. The effect is to decrease the thresholds to be two percent for household incomes from \$31,030 to \$57,170, the maximum income eligible. Under current law threshold percentages for incomes from \$31,030 to \$57,170 increase as income increases from 2.2 percent to 3.5 percent. The reduction in the threshold percentage allows for the number of income ranges in the schedule to be decreased from 29 to 22.</p> <p>No comparable provision.</p>	<p>Different. Article 2, section 25.</p> <p>No comparable provision.</p> <p>Renter’s property tax refund; copay. Lowers the required copay amounts for the renter’s property tax refund by five percentage points. The income brackets and maximum refund amounts are updated to reflect annual inflation adjustments.</p>

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Sec.	Article 2: Homestead Credit Refund and Renter Property Tax Refund	
	<p>Renter’s property tax refund; maximum refund amount. Increases the maximum refund allowed under the renter property tax refund across all income ranges, with the maximum at the lowest income ranges increasing from \$1,620 to \$2,000.</p> <p>Effective date. Effective beginning with refunds based on rent paid in 2013.</p>	<p>Renter’s property tax refund; maximum refund amounts. Different.</p> <p>Maximum refunds are increased by 10 percent.</p> <p>House proposed maximum refund is higher than Senate proposed maximum for incomes below \$16,341; Senate proposed maximum refund is higher than House proposed maximum for incomes above \$16,340.</p>
4	<p>Homestead credit refund and renter property tax refund; inflation adjustment. Updates the annual inflation adjustment of the income brackets and maximum refunds for the homestead credit refund and renter property tax refund to be calculated relative to the schedules provided in sections 2 and 3.</p>	<p>Article 2, section 26. Same with regard to the renter property tax refund; Senate does not update the inflation adjustment for the homeowner schedule, because bill does not change the homeowner schedule.</p>
5	<p>Notification of potential eligibility; report. Directs the commissioner to undertake a onetime effort in 2014 to notify homeowners who may be eligible for the homestead credit refund, using data from the most recent income tax returns and homestead credit refund claims matched with information about current year homestead property tax information provided by county auditors. Effective for refunds based on taxes payable in 2014, with the notifications due by August 1, 2014.</p> <p>Requires a report to the legislature on the notification project, due by March 15, 2015. The report is to include information on:</p> <ul style="list-style-type: none"> ▶ the count and dollar amount of homestead credit refund claims anticipated prior to the notification; ▶ the number of notifications issued by county; ▶ the count and dollar amount of claims processed through December 31, 2014; and ▶ information on any other outreach efforts conducted by the department. 	<p>No comparable provision</p>

Sec.	Article 3: Property Tax Aids and Credits	Article 1: Aids and Credits
1	<p>Surcharge aid accounts. (a) Creates a surcharge fire pension aid account in the special revenue fund, to receive the proceeds of the \$5 annual surcharge on homeowners insurance. Requires the commissioner of revenue to allocate the money in the accounts as follows:</p> <p>(1) 17.342 percent to the Public Employees Retirement Association (PERA) for deposit</p>	<p>Section 1. Similar. – (a) Pays for the additional fire pension aid out of the general fund instead of from a surcharge. The fire pension appropriation is \$745,000 in FY 2015 and the base amount in FY 2016 and thereafter is \$7.45 million. The money in FY 2015 is distributed as follows:</p> <p>(1) \$130,065 (17.46 percent) to the Public Employees Retirement Association (PERA)</p>

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Sec.	Article 3: Property Tax Aids and Credits	Article 1: Aids and Credits
	<p>in the PERA police and fire fund</p> <p>(2) 8.658 percent to municipalities employing paid firefighters who have retirement coverage in the PERA police and fire fund</p> <p>(3) 74 percent for municipalities other than those receiving money under clause (2). These are municipalities served by volunteer firefighters</p> <p>(b) Creates a surcharge police pension aid account in the special revenue fund to receive the proceeds of the annual \$5 surcharge on automobile insurance. Requires the commissioner of revenue to allocate money in the account as follows:</p> <p>(1) one-third as police state aid to be distributed to employing government entities</p> <p>(2) two-thirds to PERA (for deposit as a supplemental state aid in the PERA police and fire fund) and to the Minnesota State Retirement System (for deposit as a supplemental state aid in the state patrol retirement fund)</p> <p>(c) Requires an annual report from the executive director of PERA.</p> <p>(d) Specifies the method of determining the number of firefighters and police officers employed by a municipality for purposes of aid distributions under this section.</p> <p>(e) Specifies timing for payments.</p> <p>(f) Provides that existing laws that prevent municipalities and relief associations from receiving state aid until financial reporting requirements have been complied with apply to amounts payable under this section.</p> <p>(g) Provides an appropriation from the accounts in the special revenue fund to make the payments.</p>	<p>for deposit in the PERA police and fire fund</p> <p>(2) \$64,935 (8.71 percent) to municipalities employing paid firefighters who have retirement coverage in the PERA police and fire fund</p> <p>(3) \$550,000 (73.83 percent) for municipalities other than those receiving money under clause (2). These are municipalities served by volunteer firefighters</p> <p>Subsequent years use the same percent distribution as FY 2015.</p> <p>(b) Similar. Pays for the additional police pension aid out of the general fund instead of a surcharge. The police pension appropriation is \$1.55 million in FY 2015 and the base amount in FY 2016 and thereafter is \$15.5 million. The money in FY 2015 is distributed as follows in the same manner as in the house.</p> <p>(c) Same</p> <p>(d) Same</p> <p>(e) Similar. Refers to temporary pension aid accounts instead of surcharge pension aid accounts.</p> <p>(f) Same</p> <p>(g) Ends the general fund appropriations for these aids at the earlier of December 31, 2020, or December 31 of the year when assets of the retirement plan exceed 90% of the actuarial accrued liabilities.</p> <p>(h) The base amounts in paragraphs (a) and (b) are increased to \$7,450,000 and \$15,500,000 for fiscal year 2016 and thereafter.</p>

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Sec.	Article 3: Property Tax Aids and Credits	Article 1: Aids and Credits
2	<p>Disparity reduction credit. Increases the credit by providing that the credit will be the amount necessary to reduce the effective tax rate on commercial-industrial and apartment properties in the four border cities to 2 percent, versus the current 2.3 percent.</p>	<p>Article 2, Section 17. Similar – reduces effective tax rate to 1.9 percent.</p>
3	<p>Sustainable forests. Modifies the definition of “forest land” that qualifies under the Sustainable Forest Incentive Act (SFIA) program to exclude properties on which the Lessard-Sams program has purchased conservation easements or where comparable easements have been otherwise conveyed to a governmental or nonprofit entity.</p>	<p>Article 2, Section 27. Excludes land exceeding 60,000 acres that is subject to a single conservation easement and any land that becomes subject to a conservation easement after the effective date of the act from participation in the SFIA program.</p>
	<p>No comparable provision.</p>	<p>Article 2, Section 28. Eligibility requirements; SFIA. Requires that claimants enrolling more than 1,920 acres in the program must also allow motorized access on established and maintained roads and trails, unless the road or trail is temporarily closed due to safety, natural resource or road damage.</p>
4	<p>Sustainable forests; annual certification. Requires participants in the SFIA program to provide a copy of their property tax statements and any other information that the commissioner requires, along with the annual certification form that is required to receive a payment.</p>	<p>No comparable provision.</p>
	<p>No comparable provision.</p>	<p>Article 2, Section 29. Length of covenant; SFIA. Allows a claimant to terminate its covenant in the program if future changes are made to the payment formula.</p>
5	<p>Calculation of incentive payment; SFIA. Limits the amount of the sustainable forest payment to one-half of the property tax paid.</p>	<p>Article 2, Section 30. Increases the annual payment for property enrolled in the sustainable forest incentive program from \$7.00 to \$7.25 per acre, and removes the \$100,000 cap per recipient.</p>
	<p>No comparable provision.</p>	<p>Article 2, Section 46. SFIA; reenrollment. Allows a person who elected to terminate participation in the program as provided in Laws 2011 to reenroll lands. A person may apply for reenrollment within sixty days after final enactment.</p>
6	<p>Surcharge on homeowners and auto policies. Imposes a \$5 annual surcharge on homeowners and automobile insurance. Provides that these surcharges are not considered premiums for any other purpose and that the surcharge must be separately stated on a bill or policy declaration.</p> <p>Provides for collection and administration of the surcharge and deposit of revenues into accounts in the state general fund.</p> <p>Provides that the surcharge terminates when the funding ratios of the state patrol retirement plan and the PERA police and fire plan equal or exceed 90 percent.</p>	<p>No comparable provision.</p>

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Sec.	Article 3: Property Tax Aids and Credits	Article 1: Aids and Credits
7	<p>Pre-1940 housing percentage. “Pre-1940 housing percentage” is defined as 100 times the ratio of total occupied and vacant housing units built before 1940 to the total number of occupied and vacant housing units in the city. For East Grand Forks, the ratio of pre-1940 housing units as of the 1990 census to the total current number of housing units is used to adjust for past floods in the city. This is a need factor for medium and large cities.</p>	<p>Section 2. Same</p>
8	<p>Percent of housing built between 1940 and 1970. “Percent of housing built between 1940 and 1970” is defined as 100 times the ratio of total occupied and vacant housing units built in 1940 and later, but before 1970, to the total number of occupied and vacant housing units in the city. This is a need factor for large cities.</p>	<p>Section 3. Same</p>
9	<p>City revenue need. Defines city revenue need per capita for each size of city:</p> <ul style="list-style-type: none"> • For cities with a population over 10,000 (large cities): Revenue need = 1.15 times the sum of (1) 4.59 times the pre-1940 housing percentage, (2) 0.662 times the percent of housing built between 1940 and 1970, (3) 169.415 times the jobs per capita, (4) a sparsity adjustment, and (5) 307.664. • For cities with a population between 2,500 and 10,000 (medium cities): Revenue need = 1.15 times the sum of (1) 572.62, plus (2) 5.026 times the pre-1940 housing percentage, minus (3) 53.768 times household size, plus (4) 14.022 times peak population decline. • For cities with a population less than 2,500 (small cities): Revenue need = 410 plus 0.367 times the city population over 100. But the revenue need for these cities cannot exceed \$630 per capita. <p>Paragraph (d) provides a transition mechanism for cities between the three need formulas. For the population between 2,500 and 3,000, a city’s need is based on both a percentage of its need under the small city formula and a percent of its need under the medium city formula with the percent based on the medium city formula increasing as the population nears 3,000. A similar transition is provided between the medium and large city need formulas for populations between 10,000 and 10,500.</p> <p>Retains an inflation index for need measures similar to the one in current law.</p>	<p>Section 4. Same</p>
10	<p>Jobs per capita. “Jobs per capita” is the average number of annual employees from the quarterly census of employment and wages divided by a city’s population. This is a need factor for large</p>	<p>Section 5. Same</p>

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Sec.	Article 3: Property Tax Aids and Credits	Article 1: Aids and Credits
	cities and the Department of Employment and Economic Development will be required to calculate this every two years for the 95 large cities.	
11	Peak population decline. “Peak population decline” is a city’s population decline, if any, from its highest population listed in a decennial census from 1970 or later. This is a need factor for medium cities.	Section 6. Same
12	Sparsity adjustment. Provides a formula adjustment in the large city revenue need measure of \$100 per capita for any city with a population density of less than 150 persons per square mile.	Section 7. Same
	No comparable provision	Section 8. Town aid. Provides aid payments to towns in 2014 and thereafter equal to the product of: (1) its agricultural property factor; (2) its town area factor; (3) its population factor; and (4) 0.00225. If the sum of all aids payable under this subdivision exceeds the limit, the distribution to each town must be reduced proportionately.
13	City formula aid. “Formula aid” for Pay 2014 is a city’s 2013 certified aid plus a percentage of the gap between its unmet need and its 2013 certified aid. For aids payable in 2015 and thereafter, “formula aid” is the city’s formula aid from the previous year plus the gap between its unmet need and its certified (total) aid from the previous year.	Section 9. Similar. Minor language differences.
14	City aid distribution. A city’s total aid is equal to the sum of its formula aid plus or minus any adjustments in section 15. For aids payable in 2014, no city’s total aid may be less than its 2013 aid. For aids payable in 2015 and thereafter, no city’s total aid may decrease from the previous year by more than \$10 per capita or an amount equal to five percent of its levy in the previous year, whichever is less.	Section 10. Same
15	<p>Certified aid adjustments. Provides for two aid adjustments from the formula. Paragraph (a) continues to provide the city of Warroad an extra \$150,000 per year for the next five years to compensate them for a commercial property devaluation. This had been a permanent adjustment under current law.</p> <p>Paragraph (b) makes an adjustment for three cities that were given temporary aid increases that end in 2013 or 2014 under current law. The reduction is gradually phased in due to the annual cap on decreases in section 14. Affected cities are Newport (an extra \$75,000 for six years related to the Wacouta bridge), Crookston (\$100,000 for five years related to building on a flood plain), and Mendota (\$25,000 for five</p>	<p>Section 11. Similar. Paragraph (a) is the same.</p> <p>Paragraph (b) provides a permanent increase for Mahnommen of \$160,000.</p> <p>Paragraph (c) is the same as paragraph (b) in the House bill.</p>

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Sec.	Article 3: Property Tax Aids and Credits	Article 1: Aids and Credits
	years related to sewer infrastructure costs).	
16	Payment dates. Allows a city that is located in a disaster area for an event that occurred in April 2013 to get its entire 2013 LGA payment on July 20, 2013.	No comparable provision
17	Cities. Sets the total city aid appropriation at \$506.4 million for aids payable in 2014. Beginning with aids payable in 2015, the appropriation increases annually for inflation and population growth under section 19.	Section 12. Sets the total city aid appropriation at \$506.4 million for aids payable in 2014 and thereafter.
18	Counties. Increases county program aid by \$30 million per year for aids payable in 2014 and thereafter by increasing the appropriation for “need aid” and “tax base equalization aid” each by \$15 million.	Section 13. Similar. Increases county program aid by \$40 million per year for aids payable in 2014 and thereafter, split evenly between county need aid and tax base equalization aid.
	No comparable provision	Section 14. Towns; appropriations. Sets the town aid appropriation for aids payable in 2014 and thereafter at \$5,000,000.
19	Inflation adjustment. Increases the city LGA appropriation by between 2.5 percent and five percent per year based on the growth in the inflation rate for state and local government purchases and the annual growth in total city population.	No comparable provision
	No comparable provision.	Section 15. PILT; purpose statement. Provides a purpose statement for payment in lieu of taxes (PILT).
	No comparable provision.	Section 16. PILT; acquired natural resources land. Modifies definition of “acquired natural resources land” to specifically exclude “wildlife management land.”
	No comparable provision.	Section 17. PILT; other natural resources land. Modifies definition of “other natural resources land” to specifically exclude “acquired natural resource land” and “wildlife management land.”
	No comparable provision.	Section 18. PILT; military game refuge. Defines “military game refuge” as land owned in fee by another state agency for military purposes and designated as a state game refuge.
	No comparable provision.	Section 19. PILT; transportation wetland. Defines “transportation wetland” as land administered by the Department of Transportation in which the state acquired, by purchase from a private owner, a fee title interest in over 500 acres of land within a county to replace wetland losses from transportation projects.
	No comparable provision.	Section 20. PILT; wildlife management land. Defines “wildlife management land” as land administered by the commissioner in which the state acquired, from a private owner by purchase,

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Sec.	Article 3: Property Tax Aids and Credits	Article 1: Aids and Credits
		<p>condemnation, or gift, a fee interest under the authority granted in Chapter 94 (lands, state forests) or 97A (game and fish) for wildlife management purposes and actually used as a wildlife management area.</p>
	<p>No comparable provision.</p>	<p>Section 21. PILT; payments. Sets PILT payments as follows:</p> <ol style="list-style-type: none"> 1. Acquired Natural Resources Land: \$5.133, multiplied by the total number of acres or, at the county’s option, three-fourths of one percent of the appraised value of land in the county, whichever is greater; 2. Transportation Wetland: \$5.133, multiplied by the total number of acres of transportation wetland, or, at the county’s option, three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater; 3. Wildlife Management Land: three-fourths of one percent of the appraised value of all wildlife management land in the county; 4. Military Refuge Land: 50 percent of the dollar amount as determined under clause (1), multiplied by the number of areas of military refuge land in the county; 5. County-Administered: \$1.50 multiplied by the number of acres of county-administered other natural resource land in the county; 6. Land Utilization Projects: \$5.133 multiplied by the total number of acres of land utilization project land in the county; 7. Commissioner-Administered: \$1.50 multiplied by the total number of acres of commissioner-administered other natural resources land in the county. 8. Local Drainage Assessments: Without regard to acreage, \$300,000 for local assessments under section 84A.55, subdivision 9.
	<p>No comparable provision.</p>	<p>Section 22. PILT; determination and certification of land. Clarifies that the commissioner of natural resources shall determine and certify to the commissioner of revenue the number of wildlife management land and military refuge land within each county and the commissioner of transportation shall determine and certify to the commissioner of revenue the number of acres of transportation wetland within the county, to reflect the additional classifications of land.</p>
	<p>No comparable provision.</p>	<p>Section 23. PILT; determination of appraised value. Changes the appraised schedule of acquired</p>

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Sec.	Article 3: Property Tax Aids and Credits	Article 1: Aids and Credits
		natural resources land from five years to six years to correspond to the schedule for appraising other tax exempt property.
	No comparable provision.	Section 24. PILT; townships. Requires that ten percent of the amount received by the county for each acre of acquired natural resource, transportation wetland, county-administered, land-utilization, and commissioner administrated land must be paid to each organized township.
	No comparable provision.	Section 25. PILT; distribution for wildlife management land and military refuge land. Requires the county treasurer to allocate payments for these lands among the county, town and school districts as if they were taxes on the land received in the year.
	Repealed in section 20.	Section 26. Mahnomen County; appropriations. Increases the annual aid appropriations to taxing jurisdictions in Mahnomen County. \$1,200,000 is annually appropriated from the general fund to the commissioner of revenue to make the following payments: \$900,000 to the county of Mahnomen, \$160,000 to the city of Mahnomen and \$140,000 to Independent School district No. 432, Mahnomen.
20	Repealer. Repeals a number of provisions needed for the current LGA formula that are no longer used in the new distribution formula as well as obsolete provisions related to aid reductions over the last several years. Also repeals supplemental aid payments to Mahnomen County, the city of Mahnomen, and the Mahnomen School District.	Section 27. Similar. Does not include the repeal of the supplemental payments to Mahnomen County, the city of Mahnomen, and the Mahnomen School District which are increased in section 26.

Sec.		Senate Article 3: Education Aids and Levies
		Note: This summarizes the changes that are in addition to the changes reflected in HF 630, 1 st unofficial engrossment.
	No comparable provision	Section 1. General Education Revenue. Further amends the general education revenue definition for charter schools to exclude education advancement revenue. This section is effective for revenue for fiscal year 2015.
	No comparable provision	Section 2. Achievement and Integration Revenue. Further modifies the achievement and integration levy to make the levy ongoing instead of imposing it for fiscal year 2014 only.
	No comparable provision	Section 3. General Education Revenue. Further amends the general education revenue definition to include education advancement revenue.
	No comparable provision	Section 4. District Equity Index. Further modifies the equity index to account for education advancement revenue. This section is effective for revenue for fiscal year 2015.

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Sec.		Senate Article 3: Education Aids and Levies
	No comparable provision	Section 5. Education Advancement Revenue. Creates education advancement revenue for fiscal year 2015 and later. The education advancement allowance is set to \$300 per adjusted pupil unit. This section is effective for revenue for fiscal year 2015.
	No comparable provision	Section 6. Education Advancement Levy. Authorizes a district to levy an amount not to exceed its education advancement revenue times the lesser of one or the ratio of its referendum market value per resident pupil unit to the education advancement revenue equalizing factor. Sets the factor equal to \$785,000. A district board may choose to levy for less than the authorized amount, in which case the district's aid is reduced proportionately. This section is effective for revenue for fiscal year 2015.
	No comparable provision	Section 7. Education Advancement Aid. A district's education advancement aid equals its authorized revenue minus levy. This section is effective for revenue for fiscal year 2015.
	No comparable provision	Section 8. General Education Levy; Districts off the Formula. Further modifies the general education levy calculation for certain districts. This section is effective for revenue for fiscal year 2015.
	No comparable provision	Section 9. General Education Aid. Further modifies the general education aid definition to include education advancement aid.
	No comparable provision	Section 10. Referendum Revenue. Further modifies referendum revenue by subtracting \$300 from a district's referendum revenue allowance for fiscal year 2015 and later. This subtraction is equal to the education advancement allowance. This section is effective for revenue for fiscal year 2015.
	No comparable provision	Section 11. Direction to the Commissioner. Directs the commissioner to first reduce a district's referendum allowance with the earliest expiration date and then, if necessary, reduce additional allowances based on the next earliest expiration date.
	No comparable provision	Section 12. Operating Referendum Freeze; Fiscal Year 2015. (a) For fiscal year 2015 only, prohibits a school district from authorizing an increase to its operating referendum. A school district seeking to reauthorize operating referendum authority expiring in fiscal year 2015 may request a reauthorization of that expiring authority minus \$300. (b) Excepts from paragraph (a) districts in which the board has adopted a resolution to conduct a referendum prior to April 22, 2013.
	No comparable provision	Section 13. Current Year Aid Percentage; Appropriation Adjustments. Reduces the current year aid payment percentage by 0.2. Directs the

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Sec.		Senate Article 3: Education Aids and Levies
		commissioner of education to adjust appropriations in 2013 H.F. No. 630 to reflect changes made in this bill.
	No comparable provision	Section 14. Appropriations. Appropriates \$36,460,000 in fiscal year 2014 and \$54,765,000 in fiscal year 2015 in addition to the amounts appropriated in another bill for the same purpose.

Sec.	Article 4: Property Taxes	Article 2: Property Tax
1	Evaluation and report. Extends the maximum amount of time the Board of Water and Soil Resources (BWSR) has to evaluate a local water management entity’s progress in accomplishing its plan to ten years (from five years) and allows the board to determine the frequency based on the budget and operations of the entity.	Sec. 1. Same.
2	Tax levy authority. Broadens tax levy authority by allowing a county, municipality, or township to levy for implementation funds for a comprehensive watershed management plan. Also clarifies that counties may levy for the reasonable costs to soil and water conservation districts for administering and implementing programs identified in the plans. Comprehensive watershed management plans may consist of county water plans, watershed management plans, and/or county groundwater plans, or a new option (created last session) that allows a more comprehensive plan to be approved as a replacement to such plans.	Sec. 2. Same.
3	Financial assistance. Requires a county that implements a water implementation tax to raise matching funds for base grants awarded by BWSR to levy at a rate that is sufficient to generate a minimum amount (to be determined by BWSR). Authorizes the use of funds raised by metropolitan county conservation fees (a \$5 fee on mortgage and deed recordings/registrations) to be used as matching funds for the base grants and to address high-priority needs in local water management plans or comprehensive watershed management plans.	Sec. 3. Same.
4	Cost-sharing funds. Eliminates cost-share fund allocation requirements that required 70 percent of cost-share funds to be allocated to certain areas and no more than 20 percent to be allocated for technical and administrative assistances. Requires funds for technical assistance to be used to leverage federal or other nonstate funds or address high-priority needs in local water management plans or comprehensive watershed management plans.	Sec. 4. Same.
5	Authority. Allows soil loss ordinances adopted by counties, cities, and towns to use the soil loss tolerance for each soil type developed by BWSR, in addition to those in the United States National	Sec. 5. Same.

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Sec.	Article 4: Property Taxes	Article 2: Property Tax
	<p>Resources Conservation Service Field Office Technical Guide, which is currently the only approved source. (Soil loss tolerance is the maximum annual rate of soil loss by erosion that will permit crop productivity to be sustained.) Requires soil loss ordinances to be consistent with a comprehensive plan, local water management plan, or watershed management plan.</p>	
6	<p>Manufactured homes and park trailers. Exempts manufactured homes and park trailers from the motor vehicle registration tax and the personal property tax if held as inventory by a limited dealer. (Currently, the inventory exemption applies only to “licensed dealers.”) References a new definition of inventory contained in section 7.</p>	<p>Sec. 6. Similar - adds cross reference to definition of “limited dealer.”</p>
7	<p>Manufactured home as dealer inventory. Defines a manufactured home as dealer inventory if it is listed as inventory by a licensed or limited dealer, and is unoccupied and not available for rent. Under these conditions, it is considered part of dealer’s inventory even if it is permanently connected to utilities (when located in a manufactured home park); or temporarily connected to utilities (when located at a dealer’s sales center).</p>	<p>Sec. 7. Similar – puts limit of 5 years on time that manufactured home can be held as inventory.</p>
	<p>No comparable provision.</p>	<p>Sec 8. Assessor accreditation. Requires that every individual that appraises or physically inspects real property to determine valuation or classification for property tax purposes must obtain licensure as an accredited assessor by the Minnesota State Board of Assessors by July 1, 2017, or by the time they become licensed as a certified assessor, whichever is later.</p>
8	<p>Economic development; public purpose. Increases the allowed time that a jurisdiction may hold property awaiting development off the tax rolls from nine years to 15 years, if the property is located in a city with a population under 20,000 located outside the metro area. <i>[Under current law, the allowable period is 15 years for cities under 5,000 population located outside the metro area, and nine years for all other cities.]</i></p>	<p>No comparable provision.</p>
	<p>No comparable provision.</p>	<p>Sec. 9. Personal property used for pollution control. Allows an exemption from property tax for personal property that is not required to be installed or required by a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency.</p>

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Sec.	Article 4: Property Taxes	Article 2: Property Tax
9	<p>Certain property owned by Indian tribe. Creates a property tax exemption for certain property located in Minneapolis owned by a federally recognized tribal government used for tribal government activities or services to members of the tribe. The bill explicitly provides that the exemption applies only to property used for noncommercial and nonresidential purposes. Limits the exemption to no more than two contiguous parcels. Provides that the exemption expires with taxes payable in 2024.</p>	<p>Sec. 10. Similar – Slight difference in language relating to ownership of property.</p>
10	<p>Target Center; property tax exemption. Provides a property tax exemption for the Target Center. The exemption does not apply to any portion of the facility leased for business purposes unrelated to the operation of the arena, including a restaurant open more than 200 days a year.</p>	<p>Sec. 44. Similar – Language specifically identifies property as in city of Minneapolis and requires local approval.</p>
11	<p>St. Paul ball park; property tax exemption. Grants a property tax exemption for a city-owned ball park primarily used by a minor league team. The ball park remains subject to special assessments.</p>	<p>Sec. 43. Similar – Language specifically identifies property as in city of St. Paul and requires local approval.</p>
12	<p>Electric generation facility; personal property. Provides a property tax exemption for the personal property of a new electric generation facility on which construction begins between June 1, 2013, and June 1, 2007, that: exceeds five megawatts of installed capacity, utilizes natural gas as a primary fuel, is owned and operated by a municipal power agency, is located within the service territory of a municipal power agency’s utility that serves a metropolitan county, and connects directly with a municipality’s substation.</p> <p>These facilities are planned for the cities of Anoka, Chaska, North St. Paul, and Shakopee.</p>	<p>Sec. 11. Similar – also requires county and city approval by resolution.</p>
	<p>No comparable provision.</p>	<p>Sec. 12. Statement of exemption. Requires that a taxpayer claiming an exemption from property tax for property used for pollution control must file a statement of exemption with the assessor of the assessment district in which the property is located, in addition to the commissioner of revenue.</p>
13	<p>Valuation limit for class 4d property. Limits the taxable value for class 4d property (low-income multifamily housing) to \$100,000 per housing unit for taxes payable in 2014. In succeeding years, the limit is indexed to the average rate of change in value for all class 4a (“regular” apartments) and 4d property in the state.</p>	<p>Sec. 16. Class 4d property tax maximum. Provides that taxes on the portion of a property classified as 4d low-income rental housing cannot exceed ten percent of the gross potential rent for qualifying units. Gross potential rent is calculated by the Minnesota Housing Finance Agency (MHFA). MHFA is required to annually certify to local assessors the property tax limitation for qualifying units in each property, effective beginning with assessment year 2015.</p>
	<p>No comparable provision.</p>	<p>Sec. 13. Conservation property tax valuation. Clarifies that the value of real property, which is subject to a conservation restriction or easement shall not be reduced by the assessor if the restriction</p>

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Sec.	Article 4: Property Taxes	Article 2: Property Tax
		is for a conservation purpose and the property is being used in accordance with the restriction. This section does not apply to restrictions or easements covering riparian buffers along lakes, rivers and streams that are used for water quantity or quality control or parcels of land in excess of 1,920 acres that allow motorized access.
	No comparable provision.	Secs. 14 and 15. Agricultural homesteads; special provisions. Modifies agricultural homestead determinations by removing several special provisions which granted homestead status to property owned by entities or persons not actually living on the farm. An obsolete provision allowing continued homestead classification in certain counties relating to a 1998 tornado is also eliminated.
	No comparable provision.	Sec. 18. State general levy; amount. Sets the state general levy on commercial-industrial property, for taxes payable in 2014 and thereafter, at the rate imposed for taxes payable in 2002. Leaves the levy on seasonal-recreational property as is.
	No comparable provision.	Sec. 19. State general levy; commercial-industrial tax capacity. Eliminates the exemption for electric generation attached machinery from the state general levy.
14	Due dates; penalties. Inserts a cross reference to section 15.	No comparable provision.
15	Federal active service exception. Grants a six-month grace period for complying with the property tax due dates for homestead property owned by an individual who is on federal active service. No late fees or penalties may be assessed during this period. The taxpayer must also provide proof of the dates of active federal service at the time of payment.	No comparable provision.
16	Delinquent property. Provides that property owned by an individual who is on active federal service on the property tax due date shall not be deemed delinquent. The bill moves the October 1 due date to April 16 of the following year, and under current law all property with outstanding taxes on January 1 is delinquent. This section allows the grace period while preventing the property from being deemed delinquent.	No comparable provision.
	No comparable provision.	Sec. 20. Confessions of judgment; class 3a property. Removes the value cap of \$500,000 for class 3a property eligible for a confession of judgment and adds an approval requirement by the county auditor. Also allows assessment authorities or municipalities to waive or abate repayment of a portion of special assessments. Conditions including, but not limited to, environmental remediation may be required when considering eligibility.
	No comparable provision.	Sec. 21. Installment payments. Adjusts amount

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Sec.	Article 4: Property Taxes	Article 2: Property Tax
		and number of payments under confessions of judgment by allowing an initial payment of one-fifth the amount and four equal, annual installments.
	No comparable provision.	Sec. 22. Expiration of time for redemption. Corrects cross-reference for redemption periods.
	No comparable provision.	Sec. 23. Period for redemption. Removes five year period for redemption for homestead or seasonal residential recreational land, so that the redemption period for most properties is three years.
17	Hennepin and Ramsey Counties; mortgage registry tax authorization. Codifies the authority for Hennepin and Ramsey Counties to levy an additional mortgage registry tax in the statute governing mortgage registry taxes.	Art. 4, sec. 32. Extends authority for Hennepin and Ramsey Counties to levy an additional mortgage registry tax by 10 years (but does not codify).
18	Hennepin and Ramsey Counties; deed tax authorization. Codifies the authority for Hennepin and Ramsey Counties to levy an additional deed tax in the statute governing deed taxes.	Art. 4, sec. 33. Extends authority for Hennepin and Ramsey Counties to levy an additional deed tax by 10 years (but does not codify).
	No comparable provision.	Sec. 33. Special assessments; state property. Requires a city or town to determine the amount of special assessments on property owned by the state or any instrumentality as if the property were privately owned. The state or its instrumentality may negotiate with the city or town to pay an amount less than was determined.
	No comparable provision.	Sec. 34. Appropriation. Appropriates \$5,000,000 in fiscal year 2014 and thereafter from the general fund and credited to the agency assessment account in the special revenue fund. Money in this fund is appropriated annually to the commissioner of revenue for grants to reimburse instrumentalities, departments or agencies for payment of special assessments as required in Section 33. Of the amounts appropriated in FY 2014, the city of Moose Lake must receive \$2,000,000 for reimbursement for payments related to connection of state facilities to a sewer line.
19	Cook-Orr Hospital District. Modifies the levy authority of the Cook-Orr Hospital District by allowing the levy to be used to purchase equipment, parts, and replacement parts for ambulances, in addition to the existing authority to purchase ambulances. Maintains the current prohibition on using the levy for operating costs. Also provides that the proceeds of the levy be divided equally between the Cook ambulance service and the Orr ambulance service.	Sec. 36. Same.
20	Sawyer cemetery levy. Reinstates and makes permanent Carlton County's authority to levy in and for the unorganized territory of Sawyer for cemetery purposes. Eliminates the \$1,000 annual cap on the levy. Requires local approval.	Sec. 37. Similar – refers to “unorganized town” rather than “unorganized territory.”
21	Levy authority. Extends the authority of the Northwest Minnesota Multicounty Housing and	Sec. 38. Same.

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Sec.	Article 4: Property Taxes	Article 2: Property Tax
	Redevelopment Authority to levy up to 25 percent of its total levy authority on its own by five years, through taxes payable in 2018.	
	No comparable provision.	Section 39. Cloquet area fire and ambulance taxing district; agreement. Allows municipalities to join the district that are non-contiguous to current member-municipalities.
	No comparable provision.	Section 40. Cloquet area fire and ambulance taxing district; tax. Requires the district board to determine the amount of the levy attributable to fire and ambulance services. Costs of ambulance services shall be levied at a rate not to exceed 0.019 percent of taxable market value and for municipalities that receive both fire and ambulance services the levy shall be at a rate not to exceed 0.2835 percent.
22	Marshall County farm homesteads. Allows farmers in Marshall County who were forced to move away from their farms due to flooding in 2009 to continue to receive agricultural homestead classification on the farmland indefinitely, provided they continue to reside in Minnesota within 50 miles of the land. This provision was originally adopted in 2010 on a temporary (two-year) basis.	Sec. 41. Similar – allows flooded-out Marshall County farm homesteaders to retain homestead status without living on the property for five more years.
23	Entertainment facilities coordination. Directs Minneapolis and St. Paul to establish a joint governing structure for marketing, promotion, and scheduling of the Target Center in Minneapolis and the Xcel Energy Center in St. Paul by January 1, 2015. Requires the cities to report to the legislature by February 1, 2014, their study of providing a joint governing structure, including the feasibility of placing the facilities under the Minnesota Sports Facilities Authority, which owns and operates the Metrodome and eventually the new Vikings stadium. Requires the cities to do the study with representatives of the primary professional sports team tenants of each facility—the Wild hockey team in the Xcel Center and the Timberwolves basketball team in the Target Center.	No comparable provision.
	No comparable provision.	Sec 45. Public entertainment facility; construction manager at risk. Allows the city of Minneapolis to contract with persons, firms or corporations to perform projects to renovate, refurbish and remodel the Target Center under either the traditional design-bid-build or construction manager at risk, or a combination thereof.
24	Moratorium on assessment changes. Prohibits assessors from changing current assessment practices with regard to the taxable status of property used in the production of biofuels and other industries that use similar types of equipment. Effective for taxes payable in 2014 only.	Sec. 46. Similar – effective for taxes payable in 2014 and 2015.

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Sec.	Article 4: Property Taxes	Article 2: Property Tax
25	<p>Study and report. Requires the commissioner of revenue to study the assessment of property used in the production of biofuels and other industries that use similar types of equipment, and report the findings of the study to the legislature by February 1, 2014.</p>	<p>Sec. 47. Similar –requires involvement of commissioners of agriculture and economic development and stakeholders. Language is more prescriptive of what must be studied.</p>
26	<p>Reimbursement for tax abatements. Provides for the commissioner of revenue to reimburse taxing jurisdictions for property tax abatements granted because of a tornado that damaged parts of Minneapolis and other parts of the northern metro area in 2011. The state authorized these abatements (with state reimbursements) in the 2011 tax bill, but Hennepin County’s request for reimbursements was submitted after the deadline in the legislation.</p>	<p>Sec. 42. Similar – slight difference in appropriation language.</p>
	<p>No comparable provision.</p>	<p>Sec. 49. Property tax savings report. Requires each county and each city with a population over 500 to include along with its certification of its proposed levy the amount of sales and use tax paid or estimated to be paid in 2012. At the time the TNT notice is mailed, the county shall also include a separate statement providing a list of sales and use taxes certified by the county and cities. At the TNT public hearing, the county and city must discuss the savings as a result of the sales tax exemption.</p>
	<p>No comparable provision.</p>	<p>Section 50. Metropolitan fiscal disparities working group. Requires the commissioner of revenue to convene a working group of interested parties to examine issues faced by local governments that are required to pay for services that are generally provided throughout the metropolitan area by the Met Council.</p>
27	<p>Iron Range Fiscal Disparities Study.</p> <p>Subd. 1. Study required. Requires the commissioner of revenue to conduct a study of the Iron Range fiscal disparities program. The study is to be completed by February 1, 2015. The charge of the study is identical to the language commissioning a study of the metro fiscal disparities program in 2010. It requires the study to analyze:</p> <ul style="list-style-type: none"> • the extent to which benefits of economic growth in the region are shared throughout the region; • the program’s impact on the variability of tax rates across the region; • the program’s impact on the distribution of homestead tax burdens in the region; and • the relationship between program impacts and overburden. <p>Subd. 2. Areawide levy. Requires \$75,000 to be added to the areawide levy for</p>	<p>Art. 10, sec. 9. Similar – requires study to be completed by Feb. 1, 2014. Requires the study to analyze:</p> <ul style="list-style-type: none"> • trends in population, tax base, tax rates, and contribution and distribution tax capacities across the region; • volatility of the program’s distribution and causes of the volatility; • the impact of state policy changes on the program; and • the interaction between the program and the distribution of property tax aids and credits, taconite aid, and IRRR funding across the region. <p>Does not require any addition to areawide levy.</p>

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Sec.	Article 4: Property Taxes	Article 2: Property Tax
	<p>taxes payable in 2014 to pay for the study.</p> <p>Subd. 3. Appropriation. Appropriates money for the study to the commissioner of revenue. Provides that any unspent funds be returned to the areawide pool for taxes payable in 2016.</p>	<p>Does not provide for an appropriation for the study.</p>
28	<p>Repealer. Paragraph (a) repeals the expiration of cities' authority to establish new special service districts or housing improvement areas, thereby making the authorizations permanent.</p> <p>Paragraph (b) repeals the sunset on the Hennepin and Ramsey Counties' additional taxes on mortgage registrations and deed transfers.</p> <p>No comparable provision.</p>	<p>Secs. 31 and 32. Similar - extend the allowable period for the establishment of new special service districts or housing improvement areas without special authorization by five years.</p> <p>Art. 4, secs. 32 and 33. Extend sunset of Hennepin and Ramsey County additional mortgage registry and deed taxes by 10 years.</p> <p>Section 51. Repealer. Repeals language apportioning the state general levy between commercial-industrial property and seasonal-residential recreational property, which is no longer necessary since the commercial-industrial levy is set by tax rate in section 18.</p>

Sec.	Article 5: Special Taxes	Article 4: Special Taxes
	<p>No comparable provision</p>	<p>Section 5. Commissioner of Revenue; powers and duties. Authorizes the Commissioner of Revenue to participate in audits performed by the Multistate Tax Commission (MTC). (Section 50 repeals Minnesota's membership in the MTC.) Effective the day following final enactment.</p>
1	<p>Health impact fee. Eliminates a reference to health impact fee, which is repealed by section 19.</p>	<p>Section 6. Same</p>
2	<p>Sports memorabilia gross receipts tax. Imposes a new ten percent gross receipts tax at the wholesale level on sports memorabilia.</p> <p>Subd. 1. Definitions. Defines sports memorabilia as items sold under a license granted by a professional sports league or team or their affiliates or subsidiaries. It includes clothing as well as trading cards, photographs, sports equipment, and souvenirs.</p> <p>Subd. 2. Imposition. Imposes a ten percent tax on the gross receipts at the whole sale level.</p> <p>Subd. 3. Estimated payments; annual return. Requires the wholesaler to make estimated quarterly payments of the tax if the tax is over \$500 annually, with an annual return reconciling estimates with actual amounts due by March 15 of the following year. Provides for interest on significantly underestimated quarterly payments. Requires wholesalers with more than \$10,000 annual</p>	<p>Section 7 is similar, but differs from the House in the following ways:</p> <ul style="list-style-type: none"> • It includes memorabilia licensed by NCAA Division I programs, not just professional sports leagues. • It explicitly excludes from the tax, food and beverage items and sales made to other wholesalers. • The rate is 13 percent, rather than ten percent as under the House bill. • Collection is done quarterly, following an approach similar to that under the sales tax, rather an annual liability and return with quarterly estimated payments as under the House provision. • Five percent of the revenues are allocated to youth and amateur sports.

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Sec.	Article 5: Special Taxes	Article 4: Special Taxes
	<p>tax liability to remit the taxes electronically.</p> <p>Subd. 4. Compensating use tax. Provides a compensating use tax for sale or use of sports memorabilia in the state if the wholesale gross receipts tax was not paid.</p> <p>Subd. 5. Administrative provisions. Provides that the same enforcement, audit, refund, interest, and penalty provisions that apply to the state sales tax apply to this gross receipts tax.</p> <p>Subd. 6. Deposition of revenues. Revenues from the tax are deposited in the general fund.</p> <p>Effective for sales made after June 30, 2013.</p>	
No comparable provision		<p>Section 10. Jet fuel and special fuels tax. Imposes an excise tax on jet fuel and special fuel used as a substitute for aviation gasoline of 15 cents per gallon. Effective July 1, 2014 and applies to sales and purchases made on or after that date.</p>
No comparable provision		<p>Section 11. Refund on graduated basis. Cross-references the new language in section 10 relating to nonrefundable fuel tax in the graduated refund section of statutes. Effective July 1, 2014 and applies to sales and purchases made on or after that date.</p>
No comparable provision		<p>Section 12. Exemptions. Exempts from the general sales tax certain air flight equipment, aircraft parts, and associated installation charges. Effective July 1, 2014 and applies to sales and purchases made on or after that date.</p>
No comparable provision		<p>Section 13. Deposit in state airports fund. Provides that revenues from the general sales tax collected from the taxable sale or purchase of an aircraft must be deposited in the state airports fund. Effective July 1, 2014 and applies to sales and purchase made on or after that date.</p>
No comparable provision		<p>Section 14. Gross receipts; paper pull tabs. Imposes a nine percent tax on gross receipts of paper pull tabs, minus prizes paid. The tax is imposed on organizations where at least 50 percent of its annual gross receipts are from paper bingo as of January 1, 2013. Effective July 1, 2013.</p>
No comparable provision		<p>Section 15. Combined net receipts tax. Exempts paper pull-tabs receipts from the combined net receipts tax for organizations where at least 50 percent of its annual gross receipts are from paper bingo as of January 1, 2014. Effective July 1, 2013.</p>
3	<p>Cigarette definition. Modifies the definition of “cigarette” to include “little cigars” - a product wrapped in a substance containing tobacco and marketed as a cigarette, unless it (1) weighs more than 4.5 pounds per thousand, (2) does not have a</p>	<p>Section 16. Little cigar. Creates new definition of “little cigar” similar to the language the House adds to the definition of cigarette, but does not include “likely to be offered to or purchased by consumers as a cigarette” language in the House provision.</p>

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Sec.	Article 5: Special Taxes	Article 4: Special Taxes
	<p>filter, or (3) is wrapped in whole leaf tobacco.</p> <p>Expansion of the definition will result in these products being taxed as cigarettes rather than “other tobacco products.” This definition is similar to the definition of “cigarette” under the federal excise tax.</p>	<p>Section 22 provides little cigars will continue to be taxed as “other tobacco products” but at the rate that applies to cigarettes. This will exempt little cigars from the stamping requirement that applies to cigarettes and from the fee that applies to cigarettes produced by manufacturers that were not part of Minnesota’s tobacco settlement.</p>
4	<p>Moist snuff. Adds a definition of “moist snuff” products. Under section 8, a per-container minimum tax applies to moist snuff products.</p>	<p>Section 17. Same.</p>
	<p>No comparable provision</p>	<p>Section 18. Premium cigar. Defines premium cigars as hand-made cigars wrapped in whole leaf tobacco with a minimum wholesale price of \$2 per cigar.</p>
5	<p>Other tobacco products. Removes “little cigars” from the definition of other tobacco products, because under the language of the bill, “little cigars” would be taxed as cigarettes.</p>	<p>Section 19 is different, adding reference to new definition of “premium cigar.”</p>
6	<p>Cigarette tax rate. Increases the excise tax on cigarettes from 24 mills to 141.5 mills per unit for cigarettes weighing not more than three pounds per thousand, and from 48 mills to 283 mills for cigarettes weighing more than three pounds per thousand. This is a per unit tax rate. The rate of tax per cigarette is 14.15 cents on the former and 28.3 cents on the latter. With the repeal in section 19 of the health impact fee, this results in an increase in the total excise tax/fee burden by \$1.60/pack of 20 cigarettes from \$1.23 to \$2.83 per pack.</p>	<p>Section 20. Similar, tax rates increased to 108.5 mills and 217 mills, respectively. Also includes conversion to cents.</p> <p>Rate increase per pack of 20 is 94 cents for a total rate (after repeal of the health impact fee) of \$2.17.</p>
7	<p>Annual indexing. Requires the commissioner of revenue to adjust the tax rates on cigarettes and other tobacco products annually. This rate adjustment will be based on the change in the average price of cigarettes sold in Minnesota, the same basis used to annually set the in-lieu sales tax on cigarettes.</p>	<p>Section 21. Similar; Senate provides for rounding to the nearest hundredth of a cent per cigarette; House to the nearest tenth of a cent per pack of 20 (Senate rounding is to the nearest 0.01/cigarette; House to the nearest 0.005/cigarette).</p>
8	<p>Other tobacco products tax rates. Increases the tax imposed on other tobacco products from 35 percent to 95 percent of the wholesale sales price of the product. (The health impact fee, which is repealed by section 19, makes the current total tax/fee rate on other tobacco products 70 percent, so the net increase is from 70 percent to 95 percent.) A minimum tax on individual containers of moist snuff is imposed equal to the tax on a pack of 20 cigarettes. This minimum rate would apply to the sale of any product if 95 percent of the wholesale price of that product is less than the minimum tax.</p>	<p>Section 22. Similar. Rate increased to 90 percent of wholesale price, excludes premium cigars. Sets rates for little cigars to be equal to tax rate for cigarettes weighing less than 3 pounds per thousand.</p>
	<p>No comparable provision</p>	<p>Section 23. Rates; premium cigars. Imposes a tax on premium cigar distributors of 70 percent of the wholesale price, or \$3.50 per cigar, whichever is less. Effective July 1, 2013.</p>
9	<p>Tobacco use tax. Raises the use tax on tobacco products from 35 percent to 95 percent of the cost to</p>	<p>Section 24. Similar. Includes exemption for premium cigars. Sets use tax rate at 90 percent.</p>

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Sec.	Article 5: Special Taxes	Article 4: Special Taxes
	the consumer, or the minimum tax as outlined above.	
		Section 25. Provides use tax for premiums cigars.
10	Nonsettlement fee. Increases the rate of the fee on cigarettes sold by manufacturers who are not required to pay a fee in connection with a legal settlement from 1.75 cents per cigarette to 2.5 cents per cigarette.	Section 26. Same.
11	Cigarette sales tax. Provides the rate of the tax that is in lieu of the sales tax on cigarettes will be calculated using both the regular sales tax rate and the additional legacy rate (equal to 3/8 of one percent). Under present law, only the regular sales tax (6.5 percent) rate is used in the calculation, rather than the full 6.875 percent rate.	Section 27. In-lieu sales tax rate; adjustment. Different. Does not modify the 6.5 percent sales tax rate. Requires the commissioner of Revenue to proportionally adjust the cigarette in-lieu sales tax rate to reflect increases in the excise tax rates enacted during a calendar year. Effective July 1, 2013.
12	Wine and liquor excise tax. Increases the excise tax rates imposed on distilled spirits, wine, and cider. Assuming one drink equals either one and a half ounces of distilled spirits or five ounces of wine, the per drink rate increase is roughly seven cents per drink.	No comparable provision.
13	Small winery credit. Creates a tax credit for qualified wineries. A qualified winery is defined as any winery producing less than 100,000 gallons of wine in the calendar year immediately preceding the year for which the credit is being claimed. In calculating the total production, all brands and labels must be combined. The tax credit is equal to \$2.08 per gallon for the first 50,000 gallons. The credit is nonrefundable, and it cannot exceed the tax liability of the winery or \$104,000 per year.	No comparable provision.
14	Beer excise tax. Increases the excise tax rate imposed on fermented malt beverages or beer. Assuming one drink is 12 ounces, the increase is roughly seven cents per drink on both types of beer. The small brewers credit parameters are increased, so that the credit applies to the first 50,000 barrels produced (compared to 25,000 barrels under present law) and the maximum amount of annual production that is allowed a qualified brewer is increased from 100,000 barrels/year to 200,000 barrels/year. The credit is not refundable, and it cannot exceed the greater of a brewers tax liability or \$1,387,500 per year. This credit applies to either strong beer or beer containing not more than 3.2 percent alcohol.	Article 5, section 38. Increases the threshold to qualify for the small brewer tax credit to 250,000 barrels. Effective for determinations based on calendar year 2012 production and thereafter.
15	Cigarette definition. Changes the definition of cigarette in the unfair cigarette sales act, which establishes minimum pricing rules for cigarette sales, to include "little cigars," consistent with the changes made in section 3.	No comparable provision.
	No comparable provision	Section 28. Tobacco products delivery sales. Adds premium cigars to the types of tobacco subject to the law governing delivery of tobacco products

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Sec.	Article 5: Special Taxes	Article 4: Special Taxes
		(e.g., requiring photo ID on first delivery and so forth).
	No comparable provision	Section 29. Exemption; 501(c)(3) organizations. Exempts 501(c)(3) organizations from registering with the gambling control board if the value of all raffle prizes awarded by the organization at one event in a calendar year are \$50,000 or below. Effective July 1, 2013.
	No comparable provision	Section 30. In lieu tax. Changes the aircraft registration tax rate from the current system (one percent of value, subject to a minimum tax) to a rate derived from a statutory graduated schedule based on manufacturer's list price. Eliminates the element of depreciation from calculation of an aircraft's base price for registration tax purposes. Effective July 1, 2014 and applies to aircraft tax due on or after that date.
	No comparable provision	Section 31. State airports fund. Updates statutory references relating to the state airports fund. Effective July 1, 2014 and applies to aircraft tax due on or after that date.
	Article 4, section 28 grants Ramsey county permanent authority to impose this tax.	Section 32. Ramsey county mortgage and deed tax; extension. Extends the authorization for Ramsey county to impose a mortgage registry and deed tax to 2023. Effective for deeds and mortgages acknowledged after July 1, 2013.
	Article 4, section 28 grants Hennepin county permanent authority to impose this tax.	Section 33. Hennepin county mortgage and deed tax; extension. Extends the authorization for Hennepin county to impose a mortgage registry and deed tax to 2023. Effective for deeds and mortgages acknowledged after July 1, 2013.
16	Floor stocks tax. Imposes a floor stock tax on cigarettes, so that the increase in the tax under section 6 will also apply to cigarettes in the inventory of retailers and wholesalers. (This prevents “stocking up” to avoid the tax increase temporarily.) This tax would be imposed on both the stamped cigarettes and unaffixed stamps in the person’s possession at 12:01 a.m., July 1, 2013. The rate of the tax imposed is 80 mills per cigarette. This section also gives the commissioner of revenue authority to conduct an audit to enforce this tax, as well as the ability to levy penalties. The proceeds from this section will be deposited to the general fund.	Section 45. Imposes a floor stocks tax at different rates that correspond to the increases in the Senate bill.
17	Interim sales tax. Requires the commissioner to adjust the weighted average retail price of cigarettes on July 1, 2013, which will be used to calculate the tax rate imposed until December 31, 2013. This, in effect, will immediately incorporate the likely price effects of the excise and health impact fee changes made by the bill in the in-lieu sales tax rate. On January 1, 2014, the commissioner will resume annual adjustments to the weighted average retail price, occurring on January 1 of each calendar year.	Section 27 makes a permanent change in the law that provides corresponding authority.

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Sec.	Article 5: Special Taxes	Article 4: Special Taxes
	No comparable provision	<p>Section 46. Taxes and fees paid by Indians and Indian tribes. Requires the commissioner of Revenue to recompute the cigarette tax refunds under the agreement authority in current law to refund sales or excise taxes paid by Indian tribes to the state, due to the repeal of the health impact fee in this article. The refund is calculated by taking the sum of average statewide per capita cigarette and tobacco products excise tax paid during an applicable state fiscal year, plus the statewide average health impact fee (HIF) paid on cigarette and tobacco products during the same fiscal year, plus an additional amount that equals the difference between what the tribe has already been paid under an agreement and what they would have received if the HIF was assessed as a tax. Prohibits the commissioner from entering into new HIF agreements for a period after December 21, 2009. Prohibits the commissioner from making HIF payments for any period after the HIF has been repealed. Requires the commissioner to adjust the excise tax per capita payment to \$95. Effective the day following final enactment, except for the provision prohibiting the commissioner from entering a new HIF agreement, which is effective January 2, 2014.</p>
	No comparable provision	<p>Section 47. Report. Requires the Commissioner of Transportation, in consultation with the Commissioner of Revenue, to report to the legislative transportation committees every four years beginning in 2016, concerning revenues to and expenditures/transfers from the state airports fund, as well as any recommended statutory changes to ensure the future adequacy of the state airports fund. Effective July 1, 2014 and applies to aircraft tax due on or after that date.</p>
	No comparable provision	<p>Section 48. ARMER grants. Appropriates a total of \$3 million in payments in fiscal years 2014 and 2015 from the state government special revenue fund for the commissioner of Public Safety to reimburse counties for the sales tax costs associated with upgrading public safety radio systems prior to January 1, 2013.</p>
18	<p>Tobacco tax collection report. Requires the commissioner of revenue to report to the 2014 legislature on the tobacco tax collection system, including recommendations to improve compliance of all tobacco tax programs. This report will be due by January 1, 2014.</p>	<p>Section 49. Same</p>
19	<p>Repealer. Repeals the health impact fee on cigarettes and tobacco products and health impact fund. The only moneys deposited in the fund are the revenues from the health impact fee. These revenues are transferred to the general fund after the certification of the amount of state health care costs.</p>	<p>Section 50. Same as House on repealing health impact fee and fund; also repeals the Multistate Tax Commission statutes.</p>

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	<p>No comparable provision</p>	<p>Section 1, Subdivision 1. Qualified expansions of greater Minnesota businesses. Defines “agricultural processing facility,” “business,” and “city.” “Greater Minnesota” is the area of the state, excluding Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright counties. Defines “qualified business” as a business meeting the requirements under subdivisions 2, 3, and 5.</p> <p>Subdivision 2. Defines a qualified business as one that has operated in greater Minnesota for at least one year before applying for certification; pays or agrees to pay its employees compensation of at least 120 percent of the federal poverty line for a family four not including benefits mandated by law; plans and agrees to expand its employment in greater Minnesota by a minimum number of employees; and receive qualification from the Commissioner of DEED as a qualified business. Public utilities and retail employers that are primarily engaged in selling to purchasers physically present at the business’s location are ineligible.</p> <p>Subdivision 3. Authorizes businesses to apply to the Commissioner of DEED in a form and manner prescribed by the Commissioner for certification as a qualified business. Businesses must submit a copy of the application with the chief clerical officer of the city, or if applicable, the county auditor. Requires the Commissioner to certify a business as a qualified business if the business meets the requirements under subdivision 2; the Commissioner determines that the business would not expand its operations in greater Minnesota without at least one of the tax incentives in subdivision 4; and the business enters into a business subsidy agreement with the Commissioner that it will satisfy minimum expansion requirements within three years of execution of the agreement. The city or county in which a business or agricultural processing facility proposes to expand may file support or opposition to the certification with the Commissioner. Certification is valid for 12 years beginning the first day of the calendar month following execution of the business subsidy agreement.</p> <p>Sets the following minimum expansion requirements for the number of employees in greater Minnesota at the time of execution of the agreement:</p> <ul style="list-style-type: none"> • 50 or fewer FTEs – must increase by five or more FTEs; • 51-199 FTEs – must increase FTEs by at least ten percent; and • 200 or more FTEs – must increase by at least 21 FTEs. <p>Subdivision 4. Authorizes tax incentives for qualifying greater Minnesota businesses: a sales tax</p>

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
		<p>exemption on qualifying purchases; and an income tax credit based on a calculation of wages and number of FTEs in greater Minnesota.</p> <p>Subdivision 5. Requires the Commissioner to ensure that certified businesses meet the minimum expansion requirements within three years of entering the business subsidy agreement and that the business continues to satisfy the requirements for the duration of the certification period. Provides that a business ceases to be a qualified business at the end of its certification period or the date the Commissioner finds that the business failed to meet its minimum expansion requirements. A business may contest the Commissioner’s finding as a contested case under Minnesota Statutes, chapter 14. The Commissioner may waive a breach of the certification agreement after consulting with the Commissioner of Revenue if it is determined that that terminating the tax incentives is not in the best interest of the state or local government, and the breach is the result of natural disaster, unforeseen industry trends, an overall decline in the statewide or greater Minnesota economy, or the loss of a major supplier or customer.</p>
1	<p>Angel credit; definitions. Provides a new definition of “liquidation event” as a conversion of a qualified investment to cash, cash and other considerations, or any other form of debt or equity interest.</p> <p>No comparable provision</p> <p>Effective date: Effective for businesses certified after June 30, 2013.</p>	<p>Section 2. Angel credit definitions. Same with regard to “liquidation event”</p> <p>Adds a definition of “qualified greater Minnesota business.”</p> <p>Different. Effective day following final enactment.</p>
2	<p>Angel credit; qualifying small business. Modifies the requirements that a small business must satisfy to qualify under the angel investment credit:</p> <ul style="list-style-type: none"> • Extends the number of years in which a business may have been in operation from ten to 20 for businesses engaged in researching, developing, or producing drugs or medical devices that require U.S. Food and Drug Administration approval • Prohibits the business from having its securities trade on a public stock exchange before the investment is made and within 180 days after the investment is made • Prohibits the business from having a liquidation event, defined in section 1, within 180 days of the date the investment qualifying for the credit was made <p>No comparable provision</p>	<p>Section 3. Angel investment credit. Different.</p> <p>No comparable provision.</p> <p>Same with minor language differences.</p> <p>Same with minor language differences.</p> <ul style="list-style-type: none"> • Provides criteria for qualifying as a qualified greater Minnesota small business for purposes of the angel credit. <p>To qualify, a business must have its headquarters</p>

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
		and at least 51 percent of its employees and payroll outside the seven-county metro area, which is defined to exclude the entire area of cities that are partly in the seven-county metro area, and partly in other counties (Hanover, New Prague, Northfield, and Rockford).
	Effective date: The change related to businesses engaged in developing drugs or medical devices that require FDA approval is effective the day following final enactment; the other changes are effective for businesses certified after June 30, 2013.	Different. Effective day following final enactment.
	No comparable provision	Section 4. Angel investment credit allocation. Increases the allocation for the angel investment credit from \$12 million to \$17 million for tax years 2013 through 2014. Effective the day following final enactment for taxable years beginning in 2013.
	No comparable provision	Section 5. Promotion of angel investment credit in greater Minnesota. Requires the Commissioner of DEED to develop a plan to promote usage of the angel credit in greater Minnesota, with the goal of awarding 30 percent of credits to investments in greater Minnesota businesses during the second half of calendar year 2013 and following years, and requires the Commissioner to report on the plan and its results beginning with in March, 2014 report to the legislature. If the 30 percent target is not achieved in the second half of 2013 or any following year, then the credit rate is increased from 25 percent to 40 percent for the next calendar year for investments in greater Minnesota businesses. Effective the day following final enactment.
	No comparable provision	Section 6. Revocation of credits; angel investment credit. Applies the repayment provisions for the small business investment credit to greater Minnesota businesses, if the DEED Commissioner determines that a business did not meet the certification requirements under section 2 in any of the five years after the year in which the qualifying investment was made. Effective the day following final enactment.
3	Angel credit, permitted disclosure. Modifies the exemption from the Government Data Practices Act for disclosure of information on businesses that receive investments qualifying for the angel credit. Under present law, only the name of the qualified business may be disclosed. This section allows the mailing address, telephone number, e-mail address, contact person’s name, and industry type to also be disclosed. Effective date: Effective the day following final enactment.	No comparable provision
	No comparable provision	Section 7. Report to legislature; angel investment credit. Adds the requirement that the annual report to the Legislature on the qualified small business investment credit include the number of qualified

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
		small businesses that are minority or women-owned. Effective the day following final enactment
	No comparable provision	<p>Section 8. Angel investment credit sunset. Extends the sunset provisions of the angel investment credit by one year.</p> <p>Inadvertently retained in bill and not reflected on spreadsheet.</p>
	No comparable provision	<p>Section 9. Greater Minnesota internship program. Establishes a tax credit for employers that hire certain qualifying interns, effective beginning in tax year 2014. Subdivision 1 defines terms applicable to the program and tax credit.</p> <p>Subdivision 2. Establishes a paid internship program for students at Minnesota public post secondary institutions or a baccalaureate degree granting nonprofit Minnesota institution, to be administered by the Office of Higher Education. The goal of the program is to connect students with nonmetro area Minnesota employers for permanent employment in greater Minnesota.</p> <p>Subdivision 3. The internship must be at a place of employment in greater Minnesota. A student must have completed at least one-half of a course of study and the internship must be related to the course of study. A student is to be paid and receive academic credit for the internship.</p> <p>An eligible institution must enter into written agreements with employers for the provision of an internship of at least 12 weeks in greater Minnesota. The internship must be closely related to a course of study and provide academic credit for its successful completion.</p> <p>An eligible employer must agree with the eligible institution that the intern would not have been hired without the tax credits, did not previously work with the employer in the same or a similar job, does not replace an existing employee, and has not previously participated in the internship program. The intern must work at least 16 hours a week and be paid at least minimum wage. An internship required to complete an academic program does not qualify for the greater Minnesota internship program.</p> <p>Subdivision 4. Authorizes an income tax credit for qualifying employers. Requires the Office of Higher Education to allocate credits to eligible institutions for participating employers on a first come, first served basis, and certify the amount of the tax credit to the Department of Revenue. Requires the Office of Higher Education to allocate grants and administrative fees to institutions based on relevant criteria, including geographic distribution of work locations.</p> <p>Subdivision 6. Requires the Office of Higher</p>

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
		Education and the Department of Revenue to submit two reports to the legislature on the program. The February 1, 2014, report must have cost and participation information. The February 1, 2015, report must have an effectiveness analysis.
4	<p>Update of administrative tax provisions. Adopts federal tax administrative provisions made between April 14, 2011, and January 3, 2013, that Minnesota references for state tax administration purposes under chapter 289A. Neither of the federal acts enacted between April 14, 2011, and January 3, 2013, changed federal provisions that Minnesota provisions refer to in chapter 289A.</p> <p>Effective date: Effective the day following final enactment.</p>	No comparable provision
5	<p>Time for filing. Updates a reference in the statute providing exemptions from filing returns to reflect the renumbering of subtractions from taxable income in section 12.</p>	No comparable provision
6	<p>Foreign operating corporations (FOCs). Eliminates a reference (in the tax administration chapter) to FOCs, which are repealed by the bill.</p>	Section 10. Same
7	<p>Composite returns. Updates a reference in the statute providing filing requirements for nonresidents to reflect the renumbering of additions to taxable income in section 11.</p>	No comparable provision
8	<p>Domestic corporation definitions. Expands the definition of “domestic corporation” to include the following foreign corporations (i.e., corporations or other entities organized under the laws of a foreign country) or other foreign entities (such as partnerships or the equivalent of LLCs):</p> <ul style="list-style-type: none"> • Incorporated in a tax haven (defined in section 9) • Doing sufficient business in a tax haven to be subject to tax by the tax haven and 20 percent or more of its income is attributable to the tax haven • With 20 percent or more of the average of their property, payroll, and sales in the United States or that derives 20 percent or more of their income from domestic sources • Foreign entities, taxed under federal law as partnerships or disregarded entities, if their income is required to be included in federal taxable income <p>Domestic corporations that are part of a unitary business must be included on the combined report. As a result, this will require the income and apportionment factors of these foreign entities to be reflected in the combined report and will subject them to Minnesota corporate franchise tax. Present</p>	No comparable provision, except that section 35 contains a provision that subjects the income of foreign entities that are part of a unitary group and are taxed as partnerships under federal law to taxation. This has a similar effect to the House provision, although it is placed in the unitary statute.

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes																																				
	Minnesota law excludes all foreign corporations from the combined report, except foreign sales corporations.																																					
9	<p>Tax haven. Defines “tax haven” as a list of foreign countries that have been publicly identified by both the Organization of Economic Cooperation and Development (OECD) and by the Internal Revenue Services (based on federal court documents). (Originally, these countries were on the OECD’s “black list,” but are now either on its “gray list” because the countries have agreed to expanded tax information exchanges or have been removed from tax haven lists. They have not entered full tax treaties with the U.S.) The following countries qualify under the bill:</p> <table border="0" data-bbox="170 935 852 1653"> <tr><td>Anguilla</td><td>Jordan</td></tr> <tr><td>Antigua and Barbuda</td><td>Lebanon</td></tr> <tr><td>Aruba</td><td>Liberia</td></tr> <tr><td>Bahamas</td><td>Liechtenstein</td></tr> <tr><td>Bahrain</td><td>Malta</td></tr> <tr><td>Belize</td><td>Marshall Islands</td></tr> <tr><td>Bermuda</td><td>Monaco</td></tr> <tr><td>British Virgin Islands</td><td>Nauru</td></tr> <tr><td>Cayman Islands</td><td>Netherlands Antilles</td></tr> <tr><td>Cook Islands</td><td>Niue</td></tr> <tr><td>Costa Rica</td><td>Panama</td></tr> <tr><td>Cyprus</td><td>St. Kitts and Nevis</td></tr> <tr><td>Dominica</td><td>St. Lucia</td></tr> <tr><td>Gibraltar</td><td>St. Vincent and Grenadines</td></tr> <tr><td>Grenada</td><td>Samoa</td></tr> <tr><td>Guernsey-Sark-Alderney</td><td>Turks and Caicos</td></tr> <tr><td>Isle of Man</td><td>Vanuatu</td></tr> <tr><td>Jersey</td><td></td></tr> </table> <p>Countries are removed from the list when two conditions are satisfied:</p> <ul style="list-style-type: none"> • The United States enters into a tax treaty or similar agreement with the country that provides for sharing tax information with the Internal Revenue Service that applies to individuals and all corporations (e.g., a tax agreement relating only to insurance companies would not qualify); and • The foreign country imposes a tax rate of at least ten percent on a base equal to at least 90 percent of the federal corporate tax base. 	Anguilla	Jordan	Antigua and Barbuda	Lebanon	Aruba	Liberia	Bahamas	Liechtenstein	Bahrain	Malta	Belize	Marshall Islands	Bermuda	Monaco	British Virgin Islands	Nauru	Cayman Islands	Netherlands Antilles	Cook Islands	Niue	Costa Rica	Panama	Cyprus	St. Kitts and Nevis	Dominica	St. Lucia	Gibraltar	St. Vincent and Grenadines	Grenada	Samoa	Guernsey-Sark-Alderney	Turks and Caicos	Isle of Man	Vanuatu	Jersey		No comparable provision
Anguilla	Jordan																																					
Antigua and Barbuda	Lebanon																																					
Aruba	Liberia																																					
Bahamas	Liechtenstein																																					
Bahrain	Malta																																					
Belize	Marshall Islands																																					
Bermuda	Monaco																																					
British Virgin Islands	Nauru																																					
Cayman Islands	Netherlands Antilles																																					
Cook Islands	Niue																																					
Costa Rica	Panama																																					
Cyprus	St. Kitts and Nevis																																					
Dominica	St. Lucia																																					
Gibraltar	St. Vincent and Grenadines																																					
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Guernsey-Sark-Alderney	Turks and Caicos																																					
Isle of Man	Vanuatu																																					
Jersey																																						
10	<p>Update to federal definition of taxable income. Adopts all of the federal changes to taxable income effective when the federal changes became effective for tax year 2013 and following years, with the exceptions of increased bonus depreciation and the reinstated and modified limitation on itemized deductions and phaseout of exemptions. Laws 2013, chapter 3, adopted most federal changes for tax year 2012.</p>	No comparable provision.																																				

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	<p>The new federal law and important changes are as follows.</p> <p>The American Taxpayer Relief Act of 2012 (ATRA), Public Law 112-240, enacted January 2, 2013, made the following major changes:</p> <p><i>Provisions Made Permanent</i></p> <ul style="list-style-type: none"> • Increase in the standard deduction for married joint filers to be twice that for single filers (from \$10,150 to \$12,200 in tax year 2013), with a corresponding increase in the standard deduction for married separate filers. • Increased contribution limit for education savings accounts and allowing use of education savings accounts for elementary and secondary school expenses. • Exclusion of up to \$5,250 of employer-provided educational assistance. • Increased income limits and unlimited time period for deduction of student loan interest. • Exclusion of awards under the National Health Service Corps scholarship program and related awards for healthcare professionals. • Extends increased credit rates and maximum credit amounts for the federal dependent care credit, which affect calculation of the state dependent care credit. • Increased maximum exclusion for employer-provided adoption assistance. <p><i>Provisions Temporarily Extended Through Tax Year 2013</i></p> <ul style="list-style-type: none"> • Extends the educator classroom expense deduction of up to \$250. • Extends the higher education tuition expense deduction. • Extends the itemized deduction for mortgage insurance premiums. • Extends the increase in the federal adjusted gross income limit on the amount of qualified conservation easements that may be claimed as a charitable deduction. • Extends parity in qualified transportation fringe benefits under which employers may exclude up to the same maximum amount per month per employee for vanpool and transit pass expenses as for parking. • Extends the authority for individuals age 70½ or older to transfer up to \$100,000 from a 	

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	<p>traditional IRA or Roth IRA directly to a qualified charity, while excluding that amount from adjusted gross income.</p> <ul style="list-style-type: none"> • Extends the enhanced deduction for charitable contributions of food inventory, which allows pass-through entities (S corporations, partnerships, and proprietors) to deduct contributions of food inventory under the same rules as C corporations. • Extends the special rule limiting the amount of payments from controlled subsidiaries to parent exempt organizations that are subject to the unrelated business income tax to the amount in excess of allowable payments under the arm's-length transaction rules, providing that a binding written contract between the organizations was in effect as of August 17, 2006. • Extends preferential treatment of dividends of regulated investment companies. • Extends various provisions related to depreciation and expensing. • Extends the exception under subpart F, which allows U.S. shareholders with a ten percent or greater interest in a controlled foreign corporation (banking, financing, and similar businesses) to defer recognition of active income earned by the corporation but not distributed to the shareholders. • Extends the limit on basis adjustments in S corporation stock when S corporations donate appreciated property to the tax basis of the property rather than the fair market value (this reduces capital gain on later sales of the S corporation stock, compared with prior law). • Extends the 100 percent exclusion for the gain on sale of qualified small business stock held for more than five years for stock acquired after September 27, 2010, and before January 1, 2012, to apply to stock acquired before January 1, 2014. • Extends the reduction in the minimum holding period to avoid the tax on built-in gains on sales of assets of S corporations that converted from C corporations from ten years to five years, allowing S corporations to sell assets held more than five years without being taxed on built-in gains. • Extends 50 percent bonus depreciation to tax year 2013. <i>(Minnesota would not conform to the extension of bonus depreciation but would retain its current law requirement that</i> 	

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	<p><i>taxpayers add to taxable income 80 percent of the additional depreciation amount in the first tax year, and then subtract one-fifth of the amount added back in each of the five following tax years).</i></p> <ul style="list-style-type: none"> Excludes from gross income discharges of indebtedness on principal residences. 	
11	<p>Additions to federal taxable income (FTI) for individuals. Makes changes relating to the standard deduction for married filers and the deduction of charitable contributions. Section 20 provides a new credit for charitable contributions.</p> <p>Also strikes obsolete language relating to the additional standard deduction amounts for motor vehicle sales taxes and real property taxes, and the exclusion for federal subsidies for prescription drug programs, all of which have expired at the federal level, as well other obsolete language, and modifies the current law addition for state income taxes deducted at the federal level to reflect the retention of Minnesota’s limitation on itemized deductions.</p> <p><i>Standard deduction for married filers.</i> Conforms Minnesota’s income tax to the increased federal standard deduction for married filers. ATRA made the increased standard deduction for married filers a permanent feature of the income tax.</p> <p><i>Charitable contribution deduction.</i> Requires charitable contributions deducted at the federal level to be added to FTI, subjecting this income to Minnesota tax. The addition for charitable contributions would be limited to the amount that the sum of itemized deductions, less the deduction of charitable contributions and the deduction for state income or sales tax, exceeds the standard deduction. Thus, the addition cannot be more than total itemized deductions in excess of the standard deduction.</p> <p>Effective date: Tax year 2013.</p>	No comparable provision
12	<p>Subtractions from FTI for individuals.</p> <p>Eliminates the following subtractions from FTI:</p> <ul style="list-style-type: none"> Charitable contribution subtraction for nonitemizers (50 percent of contributions in excess of \$500) Foreign subnational taxes in excess of the federal foreign tax credit <p>Section 20 provides a new credit for charitable contributions.</p> <p>Also provides new subtractions for the federal limitation of itemized deductions and phaseout of personal and dependent exemptions. The federal limitation and phaseout result in additions to taxable income at the federal level; this section subtracts</p>	<p>Section 11. Different.</p> <p>Provides a new subtraction for the amount of dental providers’ average reimbursement from Minnesota medical assistance multiplied by the number of medical assistance patients treated by the dental provider, up to \$25,000.</p>

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	<p>these amounts from state taxable income. Section 11 retains Minnesota’s current law limitation of itemized deductions and phaseout of exemptions, which apply at lower income thresholds than the federal limitation and phaseout. The new subtractions in this section are necessary to avoid limiting deductions and phasing out exemptions twice.</p> <p>Updates cross references to conform to other changes in the bill.</p> <p>Provides a subtraction for railroad maintenance expenses by short line railroads that qualify for the federal tax credit in an amount equal to the credit.</p>	<p>Similar; updates cross references to conform to other changes in Senate bill.</p> <p>Same with technical language differences.</p>
<p>13</p>	<p>Additions to FTI for corporations. Repeals the corporate franchise tax additions to federal taxable income for FOCs’ deemed dividends. Section 36 repeals the preferential treatment of FOCs. This provision eliminates the corresponding addition to income for the deemed dividends that are not derived from foreign source income.</p> <p>Eliminates obsolete language related to foreign sales corporations, federal subsidies for prescription drug benefits, income excluded under section 114 of the Internal Revenue Code, and the additional deduction amount for business donations of computers.</p> <p>Effective date: Tax year 2013.</p>	<p>Section 12. Same with regard to deemed dividends.</p> <p>Same with regard to income excluded under section 114 of the Internal Revenue Code.</p>
<p>14</p>	<p>Subtractions from FTI for corporations.</p> <p>Reduces the subtraction from federal taxable income for foreign royalties from 80 percent to 50 percent.</p> <p>Provides a subtraction for railroad maintenance expenses by short line railroads that qualify for the federal tax credit in an amount equal to the credit.</p> <p>No comparable provision</p> <p>Eliminates an obsolete subtraction for foreign sales corporations.</p> <p>Updates cross references to conform to other changes in the bill.</p>	<p>Section 13. Subtractions from FTI for corporations.</p> <p>Different. Senate eliminates the foreign royalties subtraction.</p> <p>Same with technical language differences.</p> <p>Provides a new subtraction for the amount of dental providers’ average reimbursement from Minnesota medical assistance multiplied by the number of medical assistance patients treated by the dental provider, up to \$25,000.</p> <p>Eliminates a subtraction for subpart F income but intent was to eliminate the obsolete subtraction for foreign sales corporations.</p> <p>Similar; updates cross references to conform to other changes in Senate bill.</p>
<p>15</p>	<p>State itemized deduction; definition. Provides a definition of “state itemized deduction” equal to federal itemized deductions before the federal limitation. This definition is referenced in the changes to the existing addition to taxable income of state income taxes in section 11.</p>	<p>No comparable provision.</p>

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes										
16	<p>Internal Revenue Code. Adopts federal changes to federal adjusted gross income (FAGI) made between April 14, 2011, and January 3, 2013. FAGI is used for computing individual alternative minimum tax and determining withholding, and is the starting point for calculating household income, which is used to compute the dependent care and K-12 education credit. The main changes to federal adjusted gross income are described in section 10.</p>	No comparable provision.										
17	<p>Foreign source income definition. Adds a definition of foreign source income to chapter 290. This language follows federal law and parallels language used by present law, which section 0 eliminates in repealing the additions for nonforeign source income of FOCs.</p>	No comparable provision										
	<p>No comparable provision.</p>	<p>Section 14. Corporate tax rate. Reduces the rate from 9.8 percent to 9.0 percent. Effective beginning tax year 2013.</p>										
18	<p>Individual income tax rates. Imposes a new fourth rate of 8.49 percent. The 8.49 percent rate applies at the taxable income levels shown.</p> <table border="1" data-bbox="167 1306 777 1634"> <thead> <tr> <th data-bbox="167 1306 456 1378">Filing Status</th> <th data-bbox="456 1306 777 1378">Minnesota Taxable Income</th> </tr> </thead> <tbody> <tr> <td data-bbox="167 1378 456 1446">Married joint</td> <td data-bbox="456 1378 777 1446">Over \$400,000</td> </tr> <tr> <td data-bbox="167 1446 456 1513">Married separate</td> <td data-bbox="456 1446 777 1513">Over \$200,000</td> </tr> <tr> <td data-bbox="167 1513 456 1580">Single</td> <td data-bbox="456 1513 777 1580">Over \$226,200</td> </tr> <tr> <td data-bbox="167 1580 456 1634">Head of household</td> <td data-bbox="456 1580 777 1634">Over \$340,700</td> </tr> </tbody> </table>	Filing Status	Minnesota Taxable Income	Married joint	Over \$400,000	Married separate	Over \$200,000	Single	Over \$226,200	Head of household	Over \$340,700	<p>Section 15. Individual income tax rates. Different. Increases the rate on the third tier income tax bracket from 7.85 percent to 9.4 percent. Effective beginning tax year 2013.</p>
Filing Status	Minnesota Taxable Income											
Married joint	Over \$400,000											
Married separate	Over \$200,000											
Single	Over \$226,200											
Head of household	Over \$340,700											
	<p>Decreases the income levels at which the 7.05 percent and 7.85 percent rates take effect to offset the revenue reductions that result from conforming to income tax changes adopted by Congress. For married joint filers, the income level at which the 7.05 percent rate takes effect decreases from \$35,480 under current law to \$31,650, and the income level at which the 7.85 percent rate takes effect decreases from \$140,960 to \$130,000.</p> <p>Also updates cross references to conform to other changes in the bill.</p> <p>Effective date: Tax year 2013.</p>	No comparable provision.										
19	<p>Inflation adjustment of brackets. Resets the base year for adjusting the income tax brackets for inflation to 2013, using as the starting point the bracket amounts provided in section 18.</p>	Section 16. Same.										
20	<p>Charitable contribution credit. Allows an eight percent nonrefundable individual income tax credit for charitable contributions made in excess of the greater of:</p>	No comparable provision										

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	<ul style="list-style-type: none"> ▶ \$400 (\$800 for married joint filers), or ▶ two percent of the taxpayer's adjusted gross income. <p>Charitable contributions qualifying for the credit are subject to the same limitations as under federal law. The charitable contribution credit is allowed against both the regular tax and the alternative minimum tax.</p> <p>Effective date: Tax year 2013.</p>	
	No comparable provision	<p>Section 17. Greater Minnesota internship credit. Authorizes a refundable credit of 40 percent of the amount paid to an intern qualifying under the internship program up to \$2,000, or the amount certified by the Office of Higher Education under an earlier section. Credits allowed to business organizations are passed through to partners, members, shareholders, or owners on a pro rata basis.</p>
21	<p>Dependent care credit; limitation to earned income. Updates cross references to reflect the renumbering of subtractions from taxable income in section 12.</p>	No comparable provision
22	<p>Dependent care credit; income definition. Updates a cross reference in the definition of household income; modifies the addition for the federal tuition deduction to reference the Internal Revenue Code, and strikes the obsolete addition for unemployment benefits.</p>	No comparable provision
23	<p>Working family credit; phaseout. Reduces the marriage penalty in the working family credit phaseout by increasing the income level at which the credit begins to phase out for married joint filers, beginning in tax year 2013. For tax years 2013 to 2017, the threshold is increased by \$5,000, with the \$5,000 amount indexed for inflation from 2009, so that the additional phaseout amount for tax year 2013 is estimated to be \$5,340. For tax year 2018 and following years, increases the threshold by \$3,000, with the \$3,000 amount indexed for inflation from 2008. This would match the working family credit phaseout to the federal earned income credit phaseout for tax years 2013 and following years. <i>(In 2011, First Special Session, chapter 7, Minnesota matched the federal extension to the phaseout threshold for tax year 2011 only).</i></p> <p>Also updates cross references to military pay to reflect the renumbering of subtractions from taxable income in section 12.</p>	No comparable provision
24	<p>Marriage credit; calculation of earned income of lesser-earning spouse. Strikes a reference in the calculation of the marriage credit to the add-back of the additional standard deduction amount for married filers, since Minnesota would conform to the additional amount, with the add-back eliminated in section 11.</p>	No comparable provision.

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	No comparable provision	Section 18. Credit for current military service (combat zone credit). Increases the tax credit for current military service from \$120 to \$200 per month Effective beginning tax year 2013.
	No comparable provision	Section 19. Military retirement credit; past service. Increases the tax credit for past military service from \$750 to \$1,500. Effective beginning tax year 2013.
25	Military retirement credit; past service. Expands the eligibility criteria for the tax credit for past military service to include any veteran who receives a pension or retirement pay for service in the military. Current law limits the credit to individuals who receive retirement pay and have either served 20 years or separated from the military due to a disability. The change would extend the credit to individuals who were honorably discharged with retirement pay after serving fewer than 20 years, which was the case with individuals discharged due to military downsizing during the 1990s. Effective date: Tax year 2013.	Section 20. Same
	No comparable provision	Section 21. Research and development credit. Increases the second tier of the research and development credit from 2.5 percent to 3.75 percent. Effective beginning in tax year 2013.
26	Research credit carryover. Restores the 15-year carryover of research credit amounts in excess of liability to conform with the elimination of the refundability of the research credit in section 27. Effective date: Tax year 2013.	No comparable provision
27	Research credit. Makes the research credit nonrefundable. Section 26 restores the 15-year carryover of credit amounts in excess of liability. Background. The credit applies principally to amounts expended for wages for qualifying research activities that exceed a base amount. When the research credit was first enacted in 1982, it applied to both corporate franchise and individual income tax liability. In 1987, as part of the elimination of several credits, the research credit was restricted to the corporate franchise tax. The 2010 jobs bill extended the research credit to the individual income tax, allowing it to be claimed by owners of pass-through entities, and made it refundable for both individual and corporate claimants. The federal research credit, on which the Minnesota credit is based, is available to both corporate and individual taxpayers, and is nonrefundable. Effective date: Tax year 2013.	No comparable provision
28	Definitions; historic structure rehabilitation credit. Adds a definition of the term “federal credit” to mean the federal historic structure rehabilitation	Section 22. Historic structure rehabilitation credit; definitions. Same.

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	<p>credit, and of the terms “placed in service” and “qualified rehabilitation expenditures,” to have the meanings given in the Internal Revenue Code for the federal credit.</p> <p>Effective date: Effective the day following final enactment.</p>	
29	<p>Applications; historic credit. Authorizes the State Historic Preservation Office (SHPO) of the Minnesota Historical Society to collect up to 0.5 percent of estimated qualified rehabilitation expenditures, up to a maximum of \$35,000, as an application fee for a project. Present law limits the application fee, which is used to offset the costs of administering the credit and preparing reports, to \$5,000.</p> <p>Requires the SHPO to notify the developer in writing if a project is eligible for a credit. Present law requires SHPO to determine eligibility but does not require notification.</p> <p>Allows determinations of the SHPO regarding project eligibility for the historic credit to be appealed through a contested case procedure under chapter 14, within 45 days of the written notification.</p>	<p>Section 23. Historic credit; Applications; Allocations.</p> <p>Similar. Senate sets the maximum fee at \$45,000, and replaces the term “expenses” with “expenditures” for purposes of the historic structure rehabilitation credit.</p> <p>Same.</p>
30	<p>Assignment of credit certificates and grants; historic credit.</p> <p>No comparable provision</p> <p>Allows grant agreements to provide for grants to be issued to an individual or entity other than the developer. Present law does not provide for grants to be assigned. Requires entities that are assigned a credit certificate to notify the commissioner within 30 days of being assigned a credit, in a form and manner prescribed by the commissioner. Clarifies that the pass-through of credits to owners of a pass-through entity are not considered credit assignments.</p>	<p>Section 24. Credit certificates; grants.</p> <p>Requires credit certificates to be issued on a first-come, first-served basis. Limits the amount of credits allocated in a fiscal year to \$15,000,000.</p> <p>Same</p>
31	<p>Partnerships; multiple owners; historic credit. Allows entities with multiple owners to allocate the credit among owners based on the allocation in any “executed agreement.” Current law allows allocation of the credit either based on the ownership of the entity’s assets, or as specified in the entity’s organizational documents.</p> <p>Effective date: Effective the day following final enactment.</p>	<p>Section 25. Partnerships; multiple owners. Same.</p>
		<p>Section 26. Appropriations; historic credit. Limits the appropriation for refunds of historic structures rehabilitation credits and grants to \$15 million per fiscal years. Effective beginning July 1, 2015.</p> <p>Inadvertently retained in bill and not reflected on</p>

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
		spreadsheet.
	No comparable provision	Section 27. Sunset. Extends the availability of the historic structure rehabilitation credit by five years, through fiscal year 2022 (June 30, 2021) and extends the State Historic Preservation Office’s authority to issue credit certificates based on allocation certificates issued before fiscal year 2023 (June 30, 2022) through calendar year 2025. Extends the annual reporting requirement through the earlier of 2026, or the year following the year in which all allocation certificates have been canceled or resulted in issuance of credit certificates. Effective the day following final enactment.
	No comparable provision	Section 28. Greater Minnesota business expansion jobs credit. Authorizes a tax credit to greater Minnesota qualified businesses that meet business expansion requirements under the program in section 1. Credits are awarded on a first come, first served basis. Specifies a formula for calculating the credit for each employer and limits the total amount of credits allocated in a calendar year to \$5 million. Effective for taxable years beginning after December 31, 2031.
		Section 29. Clothing sales tax credit. Authorizes a refundable income tax credit for eligible filers of \$60 for a married couple filing jointly and \$30 for all other filers; and \$30 for the first dependent claimed, \$15 for the second and third dependent, \$10 for the fourth, and \$5 for any subsequent dependent. The credit is subject to income limitations of a \$10 reduction for every \$1,000 of income in excess of 200 percent of federal poverty guidelines. Appropriates an amount sufficient from the general fund to pay the refund. Effective beginning in tax year 2013.
32	<p>Veterans jobs tax credit.</p> <p>Subd. 1. Definitions. Defines terms used in determining the veterans credit.</p> <p>“Qualified employee” excludes individuals who are not Minnesota residents on the date of hire, or who own a controlling interest in the company for which they are employed, or who are immediate family members of the business owner(s).</p> <p>“Qualified employer” means an employer who hires a veteran, including disabled and unemployed veterans, as well as other veterans.</p> <p>“Disabled veteran” is a veteran with a service connected disability rating from the USVA.</p> <p>“Unemployed veteran” is a veteran who has received unemployment compensation at any time within two years preceding the date of hire and who was unemployed when hired.</p>	No comparable provision

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	<p>“Date of hire” means the date on which the veteran begins working for the employer.</p> <p>Subd. 2. Credit allowed. Allows a qualified employer to claim a credit for each disabled or unemployed veteran hired during the taxable year, either in the year hired or in the following year (to allow the full credit amount to be claimed for those hired near the end of a year). Sunsets the credit after tax year 2016. The credit is nonrefundable and may only be used to offset income tax liability.</p> <p>Subd. 3. Credit amount. The credit equals ten percent of wages paid to a veteran, up to a maximum of:</p> <ul style="list-style-type: none"> ▶ \$1,200 for a disabled veteran, or ▶ \$600 for an unemployed veteran. <p>Disallows the credit if the employer currently employs or has previously employed the veteran.</p> <p>Subd. 4. Flow-through entities. Provides for credits paid to employers that are organized as flow-through entities (partnerships, S corporations, and the like) to be passed through to the individual owners based on their pro rata shares of the business or as specified in the entity’s organizational documents.</p> <p>Effective date. Effective for qualifying veterans hired in tax years 2013 through 2016.</p>	
33	<p>Alternative minimum tax; individuals.</p> <p>Strikes the deduction allowed under the alternative minimum tax (AMT) for charitable contributions. The charitable contribution credit in section 20 would apply against the AMT.</p> <p>Also allows the railroad maintenance track subtraction to be deducted from AMT income, and updates cross references to reflect the changes to individual additions and subtractions in sections 11 and 12.</p> <p>Effective date: Tax year 2013.</p>	<p>Section 30. Alternative minimum tax; individuals.</p> <p>No comparable provision</p> <p>Same with respect to railroad track maintenance.</p>
	<p>No comparable provision</p>	<p>Section 31. Corporate alternative minimum tax. Reduces the corporate AMT rate from 5.8 percent to 5.3 percent. Effective beginning in tax year 2013.</p>
34	<p>AMT; corporations. Strikes a reference to the expired federal Puerto Rico and possessions tax credit.</p> <p>Makes conforming changes to cross references in the corporate AMT to reflect the changes to corporate additions and subtractions in sections 0 and 14.</p> <p>No comparable change; House retains foreign</p>	<p>Section 32. AMT; corporations. Same with regard to striking the reference to the expired federal Puerto Rico and possessions tax credit.</p> <p>Updates cross-references to conform to changes to corporate additions and subtractions.</p> <p>Strikes a reference to the foreign royalties subtraction,</p>

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes
	royalties subtraction.	which is repealed in section 13.
35	<p>Franchise tax minimum fee. Increases the corporate minimum fee amounts and thresholds at which the fee amounts apply and adjusts the dollar amounts for future increases in the Consumer Price Index (CPI). The lowest fee under present law of \$100 is increased to \$190; the highest fee under present law of \$5,000 increases to \$9,340. The thresholds at which these fees apply increase from \$500,000 (for the \$100 fee) to \$930,000 and from \$20 million (for the \$5,000 fee) to \$37.36 million. These amounts are based on adjusting these amounts for inflation, as measured by the CPI, from the year in which the original fee amounts were set (1990).</p> <p>Effective date: Tax year 2013.</p>	<p>Section 33. Franchise tax minimum fee. Same except for technical language differences in inflation adjustment provision.</p>
	No comparable provision.	<p>Section 34. Strikes a reference to the federal royalties subtraction, which is eliminated.</p>
36	<p>Unitary business principle. Eliminates the authority to exclude the income and apportionment factors of FOCs from the combined report and eliminates the deemed dividend deduction for 80 percent of FOC income.</p> <p>In addition, Minnesota sales of no-nexus subsidiaries must be reflected in the combined report and be reported by a corporation that is subject to tax by Minnesota.</p> <p>States the legislature intends that if the inclusion of foreign corporations treated as domestic corporations under the provisions of sections 8 and 9 is invalid, these provisions are nonseverable from the exclusion of all foreign corporations from the combined report.</p> <p>Also clarifies that unity of ownership does not exist when two or more corporations are involved unless there is, directly or indirectly, a common owner of more than 50 percent of the business.</p> <p>Effective date: Tax year 2013.</p>	<p>Section 35 is similar. It does not include the nonseverability provision, which relates to the House requirement that tax haven corporations be included in the combined report. House version clarifies that foreign corporations that have no nexus are not required to include their sales in the numerator of a corporation with nexus; Senate version clarifies that the sales could be included in a domestic, noncorporate entity.</p> <p>Section 35 includes the requirement that foreign entities, taxed as partnerships for federal purposes, must include the income and apportionment factors in the combined report. The House’s comparable provision is in section 8, which is explicitly limited to entities that are taxed under federal law as partnerships or disregarded entities.</p> <p>Same</p>
	No comparable provision.	<p>Section 36. Sales factor. Eliminates a reference to the foreign royalty sales, which the bill repeals.</p>
37	<p>REIT dividends. Excludes real estate investment trust (REIT) dividends from the dividend received deduction allowed to corporations to the extent that the REIT dividends do not qualify for the dividend received deduction under the federal corporate tax.</p> <p>Effective date: Tax year 2013.</p>	<p>Section 37. REIT dividend received deduction. Same</p>
38	<p>Update of references to Internal Revenue Code; property tax refund chapter. Adopts the federal changes that affect household income, which uses the definition of federal adjusted gross income as a</p>	No comparable provision

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Sec.	Article 6: Individual Income and Corporate Franchise Taxes	Article 5: Individual Income and Corporate Franchise Taxes										
	starting point.											
	Article 5, section 14 increases the maximum amount of annual production that is allowed a qualified brewer is increased from 100,000 barrels per year to 200,000 barrels per year, and also increases the number of barrels on which the credit applies from 25,000 to 50,000.	Section 38. Tax credit. Different. Increases the threshold to qualify for the small brewer tax credit from 100,000 barrels per year to 250,000 barrels per year. Effective for determinations based on calendar year 2012 production and thereafter.										
39	Taxable income; occupation tax. Updates a reference in the statute allowing deductions from taxable income under the occupation tax to reflect the renumbering of corporate additions to income in section 0.	Section 39. Occupation tax. Same										
	No comparable provision	Section 40. Historic structure rehabilitation credit; effective date. Clarifies the effective date of the credit to make the credit effective for rehabilitation expenditures first paid by the developer or taxpayer after May 1, 2010, and for rehabilitation that occurs after May 1, 2010, provided that the application submitted for credit eligibility is submitted before the project is placed in service. Effective the day following final enactment and applies retroactively for certified historic structures placed in service after May 1, 2010, but no credit certificates allowed under the change to this effective date clarification may be issued until July 1, 2013.										
40	Estimated tax; penalty exemption (safe harbor). Exempts from penalties and interest the underpayment of estimated tax before September 15, 2013, resulting from the 8.49 percent income tax rate in section 18.	No comparable provision										
	No comparable provision	Section 41. Clothing sales tax credit; tax year 2013 adjustment. Provides that the clothing sales tax credit under section 1 must be reduced by one half to allow for the six-month difference in the tax year 2013 effective date of the income tax provision in this article and the July 2013 effective date for changes in article 7.										
41	<p>Repealer. Repeals the following provisions, effective in tax year 2013.</p> <table border="1" data-bbox="162 1962 860 2446"> <thead> <tr> <th data-bbox="162 1962 406 2056">Section of Statute</th> <th data-bbox="406 1962 860 2056">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="162 2056 406 2123">290.01 subd. 6b</td> <td data-bbox="406 2056 860 2123">Definition of FOC</td> </tr> <tr> <td data-bbox="162 2123 406 2257">290.06, subd. 22a</td> <td data-bbox="406 2123 860 2257">Nonresidents' credit for taxes paid to state of domicile</td> </tr> <tr> <td data-bbox="162 2257 406 2365">290.0672</td> <td data-bbox="406 2257 860 2365">Long-term care insurance credit</td> </tr> <tr> <td data-bbox="162 2365 406 2446">290.0921, subd. 7</td> <td data-bbox="406 2365 860 2446">Definition of FOC for the corporate AMT</td> </tr> </tbody> </table>	Section of Statute	Description	290.01 subd. 6b	Definition of FOC	290.06, subd. 22a	Nonresidents' credit for taxes paid to state of domicile	290.0672	Long-term care insurance credit	290.0921, subd. 7	Definition of FOC for the corporate AMT	Section 42. Repealer. Same with regard to FOC definitions.
Section of Statute	Description											
290.01 subd. 6b	Definition of FOC											
290.06, subd. 22a	Nonresidents' credit for taxes paid to state of domicile											
290.0672	Long-term care insurance credit											
290.0921, subd. 7	Definition of FOC for the corporate AMT											

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SENATE

Sec.	Article 7: Estate and Gift Taxes	Article 6: Estate Taxes
1	<p>Estate tax filing requirements. Modifies the filing requirements for the estate tax to provide that taxable gifts (those in excess of the annual per-recipient, federal exclusion amount) made within three years of decedent's death must be added to the value of the estate to determine if the estate exceeds the \$1 million filing requirement.</p> <p>Effective date: Decedents dying after December 31, 2012.</p>	No comparable provision
2	<p>Estate tax definitions. Makes three changes.</p> <p><i>Federal update.</i> Updates the estate tax for federal changes enacted through January 3, 2013, and includes the amount of taxable gifts made by the decedent within three years of death in the taxable estate. Under federal law, taxable gifts are defined as gifts of present interests that exceed the annual exclusion amount (\$14,000 per recipient) or gifts of future interests of any value.</p> <p><i>Situs rules for gifts.</i> Provides situs rules for gifts: gifts of tangible personal property would be assigned to the place where property is normally kept or located and gifts of intangible property (e.g., cash, stocks, or other securities) would be assigned to the domicile of the donor.</p> <p><i>Situs rules for certain nonresidents.</i> Provides special situs rules under the estate tax for nonresidents who have ownership interests in pass-through entities that own real or tangible personal property in Minnesota. Pass-through entities are defined as:</p> <ul style="list-style-type: none"> • S corporations • Partnerships • Disregarded single-member LLCs • Trusts to the extent the trust property is included in decedent's estate <p>Under present law, ownership interests in these entities are treated as intangibles and would be assigned to the decedent's state of residence and, thus, would not be included in the Minnesota estate. This change assigns the situs of the real and tangible personal property as if the pass-through entity did not exist. Thus, it will include the Minnesota real and tangible personal property owned by the pass-through entity in the Minnesota estate of the decedent. If there are multiple owners of the entity, the property is assigned to the decedent based on his or her share of the capital interest in the entity.</p> <p>Effective date: Decedents dying after December 31, 2012.</p>	No comparable provision
3	<p>Conforming change. Provides that any gift tax paid on gifts included in the adjusted taxable estate and the credit allowed under section 154 reduces the estate tax due.</p>	No comparable provision

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Sec.	Article 7: Estate and Gift Taxes	Article 6: Estate Taxes
	<p>Effective date: Decedents dying after December 31, 2012.</p>	
4	<p>Nonresident decedent tax credit. Allows a tax credit against the Minnesota estate tax for estate or inheritance tax paid to another state on property held in pass-through entities, as provided under section 2. The credit cannot exceed the Minnesota estate tax attributable to that property.</p> <p>Effective date: Estates of decedents dying after December 31, 2012.</p>	No comparable provision
5	<p>Family member definition. Clarifies that a trust whose beneficiaries are all family members qualifies as a family member for purposes of the qualified small business property and qualified farm property exclusion.</p>	Section 1. Same
6	<p>Qualified small business property definition. Modifies the qualified small business property definition for purposes of the exclusion to:</p> <ul style="list-style-type: none"> • Clarify that property held in trusts qualify for the exclusion (as property of the decedent), if they are included in the federal adjusted taxable estate; • Clarify how the passive activity test applies to the tax year prior to the decedent’s death; • Exclude publicly traded securities and assets not used in the operation of the trade or business from qualifying for the exemption (paralleling the treatment of cash); • Treat replacement property of sole proprietors as meeting the three-year ownership test prior to decedent’s death if it replaced similar property; • Exclude qualified farm property from qualifying for the exclusion; nonhomestead farm property, as well as equipment, can qualify; and • Eliminates the requirement that a family member materially participate in the trade or business of the farm for three years after the decedent’s death and substitutes a test based on the federal passive activity rules. 	Section 2. Same
7	<p>Qualified farm property definition. Modifies the definition of qualified farm property for purposes of the exclusion to:</p> <ul style="list-style-type: none"> • Clarify that the property must be agricultural land and owned by a person or entity that is not excluded from owning agricultural land by section 500.24. The property must be the agricultural homestead of the decedent, including qualifying under the relative homestead and special homestead rules; 	<p>Section 3. Similar – requires ownership to be not subject to or in compliance with section 500.24 (House states owners must “not be excluded from owning” farmland under section 500.24.) In addition, House explicitly allows relative and special homestead property to qualify, while Senate is silent on this issue.</p>

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Sec.	Article 7: Estate and Gift Taxes	Article 6: Estate Taxes
	<ul style="list-style-type: none"> • Remove the requirement that for three years after decedent’s death a family member must continuously use the property in the operation of the trade or business; • Require that for three years after decedent’s death the property must be classified for property tax purposes as class 2a agricultural property, rather than that family material participate in the trade or business; and • Clarify that property held in trusts qualifies for the exclusion (as property of the decedent), if it is included in the federal adjusted taxable estate. 	
8	<p>Recapture tax. Clarifies that for sole proprietor property, the qualified heir will not be treated as having disposed of an interest in the qualified property if the heir replaces qualified small business property with similar property.</p>	<p>Section 4. Same</p>
9	<p>Definitions; gift tax. Defines terms for purposes of the gift tax:</p> <ul style="list-style-type: none"> • Terms defined in the estate tax chapter apply to the gift tax. • Taxable gifts are defined by reference to the federal gift tax. As a result, gifts below the annual exemption amount (for calendar year 2013, \$14,000 per recipient, indexed for inflation) are excluded. Generation-skipping gifts under federal law would not be treated as taxable gifts. Gifts to charities and spouses would also not be taxable, as under the federal gift tax. 	<p>No comparable provision</p>
10	<p>Gift tax imposition. Imposes a ten percent tax on taxable gifts. A lifetime credit of \$100,000 is allowed (the equivalent of a \$1 million exemption). The tax does not apply to transfers of tangible personal property or real property with a situs outside of Minnesota.</p>	<p>No comparable provision</p>
11	<p>Gift tax returns. Requires an individual making a taxable gift during the taxable year to file a gift tax return in the form and manner prescribed by the commissioner. If the donor dies before filing, the personal representative must file the return. The return is to include the following:</p> <ul style="list-style-type: none"> • Each gift • The deductions claimed • Description of the gift, the donee’s name, address, and Social Security number • Fair market value of noncash gifts • Any other information the commissioner requires 	<p>No comparable provision</p>
12	<p>Filing requirements. Requires returns to be filed by April 15 after the close of the calendar year in which the gift was made. If the donor dies, the due</p>	<p>No comparable provision</p>

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Sec.	Article 7: Estate and Gift Taxes	Article 6: Estate Taxes
	date is the time for filing the federal gift tax return.	
13	Appraisal of property. Authorizes the commissioner to require the donor or donee to show the property subject to tax and to hire suitable persons to appraise the property. The donor is required to provide a statement that the return reflects all of the taxable gifts for the year.	No comparable provision
14	Administrative provisions. Imposes a payment date of April 15 following the calendar year in which the gift was made. If the donor dies, the time for payment of the federal gift tax applies. A ten-percent penalty (or \$100, if greater) applies to late payments. The commissioner can extend the time for filing upon written request, filing of a tentative return, and a showing of good cause. However, tentative tax must be paid with interest (if applicable). The taxpayer must notify the commissioner of federal changes in the value of taxable gifts within 180 days of a final determination. If a federal amended gift tax return is filed, the taxpayer must file an amended Minnesota return within 180 days. Various special federal valuation rules apply, such as those for transfers of interests in closely held corporations and trusts.	No comparable provision
15	Credit against estate tax. Provides that the amount of gift tax paid is a credit against the Minnesota estate tax to the extent that the gift is included in the Minnesota adjusted taxable estate.	No comparable provision

Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
	No comparable provision	Section 1. Contracts with foreign vendors. Requires foreign vendors that sell goods or services to the state to register with the Commissioner of Revenue. Effective for sales and purchases made after June 30, 2013.
1	Sale and purchase. Expands the definition of sale for sales tax purposes to include seat licenses and the rental of suites, box seats, and similar rentals in stadiums and arenas. Effective for sales made after June 30, 2013.	Section 2. Only includes box seats and suites at <i>professional athletic events</i> to the definition of taxable sale. Also adds the following services to the definition of “sale and purchase,” effective for sales and purchases made after June 30, 2013. <ul style="list-style-type: none"> • Receipt of custom computer software; • Admission to exhibitions (such as trade shows, boat shows, and home and garden shows); • The granting the right for a consideration to use “specified digital products” or “other digital products.”

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
		<ul style="list-style-type: none"> • Personal services (such as haircuts, spa services, tattoos, piercings); • Repair labor for farm machinery, motor vehicles (excluding repair for vehicles sold at wholesale auction), and other tangible personal property (such as household electronics and furniture); • The furnishing of court reporter documents, excluding such documents for public defender services; and • Other personal services such as event planning, moving services, personal shopping, personal concierge services. <p>This section also clarifies that services for monitoring and electronic surveillance of persons in in-home detention pursuant to a court order performed at the direction of a county are exempt. Replaces the terms “cable” television services and “direct satellite services” with the term “pay” television services.</p> <p>Moves language regarding taxation of services provided by employees and between associated businesses, and the definition of road construction.</p>
2	<p>Retail sale. Makes four changes to the definition of retail sale.</p> <p><i>Coin-operated amusement devices.</i> Exempts the sale of coin-operated devices whose main purpose is to provide amusement and entertainment from sales tax as a “sale for re-sale.” Exempt devices would include juke boxes, pinball and video games, foosball and pool tables, photo booths, batting cages, and machines used in carnival games and rides.</p> <p><i>Lease-to-own motor vehicles.</i> Changes the definition of when a retail sales occurs and hence when the sales tax is owed for used motor vehicles leased on a lease-to-own or rent-to-own basis where the lease can be terminated at any time without penalty. Currently the retail tax occurs and the entire tax is owed when the lease is executed. Under the bill the tax will be owed incrementally with each lease payment.</p> <p><i>Motor vehicle repair paint.</i> Adds the sale of motor vehicle repair paint and materials to the definition of a taxable retail sale. Provides that the repair paint and supply portion of a bill can be calculated by multiplying the number of labor hours by an hourly consideration rate for the paint and materials. Allows the taxpayer to use another method to calculate the tax, provided that the method fairly reflects the gross receipts from the retail sale of the paint and materials. This provision does not apply to wholesale transactions at an</p>	<p>Section 3.</p> <p>No comparable provision</p> <p>No comparable provision</p> <p>Similar – minor language differences</p>

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
	<p>automobile auction facility.</p> <p><i>Certain payments to electric utilities and cooperatives.</i> Clarifies that a payment made as a contribution in aid of construction is a contract for improvement to real property and not a taxable sale.</p> <p>No comparable provision</p> <p>No comparable provision</p> <p>Effective for sales, purchases, and leases entered after June 30, 2013.</p>	<p>Same.</p> <p>Adds the sale, lease, or rental of tangible personal property or the sale of any service listed in section 297A.61, subdivision 3 for any purpose other than resale by the purchaser in the normal course of business.</p> <p>Adds the sale of specified digital products or other digital products to an end user to the definition of “retail sale.”</p> <p>Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 4. Tangible personal property. Clarifies that the definition of “tangible personal property” does not include specified digital products or other digital products transferred electronically, but prewritten computer software delivered electronically is tangible personal property. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 5. Definition of “delivered electronically.” Specifies that “delivered electronically” includes the delivery of computer software unless the context of delivery indicates otherwise. Effective for sales and purchases the day following final enactment.</p>
	<p>No comparable provision</p>	<p>Section 6. Pay television service. Replaces the term “cable television service” with “pay television service” and specifies that direct satellite service, subscription programming service, and digital video recording service are included in the definition of “pay television service.” The definition of “direct satellite service” is repealed later in the article. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 7. Bundled transaction. Adds specified digital products and other digital products to the definition of “bundled transaction” for purposes of determining whether the sale of two or more products is taxable when the items are sold for one nonitemized price. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 8. Ring tones. Clarifies that a ring tone does not include digital audio files not stored on the communication device. Effective for sales and purchases made after June 30, 2013.</p>

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
3	<p>Motor vehicle repair paint and materials. Defines repair paint and materials for sales tax purposes. “Motor vehicle repair paint” includes primer, body paint, clear coat, and paint thinner. “Repair materials” include items incorporated in the repair or directly consumed in the repair process. They do not include items used to clean and maintain the shop and shop equipment.</p>	<p>Section 9. Same</p>
	<p>No comparable provision</p>	<p>Section 10. Digital audio works. Defines “digital audio works” as works that result from a series of musical, spoken, or other sounds that are transferred electronically. Digital audio works include songs, live music, readings of books, speeches, ring tones, or other sound recordings. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 11. Digital audiovisual works. Defines “digital audio-visual works” as a series of related images which, when shown in succession, impart an impression of motion, together in accompanying sounds, if any, that are transferred electronically. Digital audio-visual works include movies, music videos, news and entertainment, and live events. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 12. Digital books. Defines “digital books” as any literary work, other than digital audio works or digital audio-visual works, expressed in words, numbers, or other verbal or numerical symbols generally recognized as a book. Digital books does not include periodicals, magazines, newspapers or other news or information products or blogs. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 13. Digital code. Defines “digital code” as a code providing a purchaser a right to obtain one or more specified digital products or other digital products, such as a code imprinted on another tangible medium. A digital code does not include a gift card or other product that represents a stored monetary value that is deducted from a total. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 14. Other digital products. Specifies “other digital products” not covered in the definitions in earlier sections. “Other digital products” does not include newspapers. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision</p>	<p>Section 15. Specified digital products. Defines specified digital products to mean digital audio works, digital audio-visual works, and digital books that are transferred electronically. Effective</p>

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
		for sales and purchases made after June 30, 2013.
	No comparable provision	Section 16. Transferred electronically. Defines “transferred electronically” as obtained by the purchaser by means other than tangible storage media. Effective for sales and purchases made after June 30, 2013.
	No comparable provision	Section 17. Sales tax rate. Reduces the general sales tax rate to 5.675 percent Effective for sales and purchases made after June 30, 2013.
	No comparable provision	Sections 18. Constitutionally required tax rate. Reduces the Constitutional sales tax rate for legacy funds to .325 percent. Effective for sales and purchases made after June 30, 2013.
4	<p>Motor vehicle rental tax; rate increase; exemption for nonprofit car-sharing organizations. Increases the tax rate on car rentals from 6.2 percent to 9.2 percent. Effective for sales and purchases made after May 31, 2013.</p> <p>Also exempts nonprofit car-sharing organizations with individual or group members who pay the organization to use its vehicles from the tax on short-term motor vehicle rentals provided they meet the following requirements:</p> <ul style="list-style-type: none"> • Charge for the use of its vehicles on an hourly basis. • Use unstaffed, self-service locations that are available any time of day. • Provide vehicle maintenance, insurance, and fuel for its vehicles. <p>This is similar to the requirements repealed in section 5 except that it does not include the requirement that the rental rate not decrease for increased use.</p>	<p>Section 19. Same rate increase.</p> <p>No comparable provision</p>
5	<p>Fee imposed. Slightly expands the existing definition of nonprofit car-sharing organizations qualifying for the exemption from the 5.0 percent short-term car rental fee by deleting the existing qualifying definition and linking this exemption to the qualifying requirements in the new exemption in section 4.</p>	No comparable provision
	No comparable provision	Section 20. Lottery tickets in-lieu tax. Maintains the current rate of 6.5 percent for the lottery in-lieu sales tax. Effective for sales and purchases made after June 30, 2013.
	A similar definition of “solicitor” is contained in section 6 but with a different rebuttal provision.	Section 21. Solicitor nexus; drop ship sales. Adds rebuttable presumptions for “maintaining a place of business in the state” for purposes of establishing sales tax nexus. Defines “retailer” and “solicitor” and allows the presumption a retailer is a solicitor in the state to be rebutted by evidence that the resident did not engage in any solicitation in the state on behalf of the retailer during the 12-

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
		month period in question. Clarifies that affiliate nexus provisions do not apply to the income tax chapter. Effective for sales and purchases made after June 30, 2013.
	No comparable provision.	Section 22. Retailer not maintaining a place of business in the state. Eliminates obsolete language related to “economic nexus”.
6	<p>Solicitor nexus. Provides a definition of “solicitor,” which includes residents in the state who directly or indirectly refer potential customers to a seller through an Internet Web site or similar link for a commission or other consideration. The presumption is that a retailer has nexus if the total receipts of sales to Minnesota customers generated by Internet referrals made through Web sites operated by Minnesota residents exceed \$10,000 in the last 12-month period. A rebuttal process to this presumption is provided.</p> <p>States that nothing in this section affects whether a business is subject to income or corporate income taxes.</p> <p>Retailers with a physical presence (nexus) in the state have a duty to collect sales tax under current law. Physical presence is currently defined as having property in this state or employees in this state, including “an affiliate, agent, salesperson, canvasser, or <i>solicitor</i> operating in the state.”</p>	A similar definition of “solicitor” is contained in subdivision 21 but with a different rebuttal clause.
	No comparable provision	Section 23. Severability. Provides that if any part of sections 22 or 23 are invalid, then the remaining provisions not found invalid will be effective.
	No comparable provision	Section 24. Presumption; burden of proof. Allows a person engaged in drop shipping to claim an exemption for resale sales based on an exemption certificate provided by its customer or reseller. Effective for sales and purchases made after June 30, 2013.
7	<p>Multiple points of use. Allows a business purchaser to use a multiple-points-of-use exemption certificate when purchasing electronically delivered goods and services that are concurrently available for use in multiple taxing jurisdictions (i.e. multiuser software licenses). The seller is exempt from collecting the tax, but the purchaser is responsible for paying the tax in the multiple jurisdictions using a consistent and uniform method of apportioning the sale.</p> <p>The language is identical to language originally contained in the Streamlined Sales and Use Tax Agreement (SSUTA) and in Minnesota statute through 2008. When the language was removed as required language from SSUTA, the state repealed it as well. However, a few states that are members of SSUTA have retained similar provisions and the staff of the governing board has indicated that a</p>	Section 25. Similar. Makes the use of a multiple point of use certificate optional rather than mandatory for certain purchases. Gives the purchaser sole discretion to determine apportionment method for tax. Provides that the seller has up to 90 days after the sale to obtain the completed multiple points of use certificate.

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
	<p>multiple-points-of-use exemption is not a problem under the current agreement.</p> <p>Effective for sales and purchases made after June 30, 2013.</p>	
8	<p>Drugs; medical devices. Expands the health care product exemption in the following three ways:</p> <ul style="list-style-type: none"> • exempts the purchases of all exempt drugs and medical devices if the purchase is covered by Medicare and Medicaid • expands the definition of exempt repair and replacement parts for durable medical equipment to include all accessories and supplies required for the use of the durable medical equipment, including items that are for single patient use • changes the definition of exempt prosthetic devices to include all accessories and supplies necessary for use of the prosthetic devices <p>Effective for sales and purchases made after June 30, 2013.</p> <p>No comparable provision.</p>	<p>Sections 26 and 27. Similar. Includes the expansion to purchases paid for under Medicaid and Medicare. Expands the definition for durable medical equipment repair and replacement part to include single patient use items only.</p> <p>Includes the expansion of the exemption to all accessories and supplies needed for use of durable medical equipment or prosthetic devices in a separate section.</p> <p>Provides a retroactive effective date for sales and purchases made after April 1, 2009 and provides for refunds.</p> <p>Eliminates the exemption for over-the counter drugs. Effective for sales made after June 30, 2013.</p>
	<p>No comparable provision.</p>	<p>Section 28. Materials consumed in industrial production. Adds the word “tangible” to the sales tax exemption for materials stored, used, or consumed in industrial production of personal property to make clear that the exemption applies to industrial production of tangible personal property. Specifies that industrial production does not include services. Effective for sales and purchases made after June 30, 2013.</p>
	<p>See article 1, section 7.</p>	<p>Section 29. Similar to House article 1, Section 7.</p>
	<p>No comparable provision.</p>	<p>Section 30. Publications, publication materials. Specifies that “publications” do not include magazines or other periodicals, regardless of whether they are sold over the counter or by subscription. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision.</p>	<p>Section 31. Qualified data centers. Reduces the minimum square footage requirement of the building housing the data center from 30,000 to 25,000 square feet and the minimum amount of investment in enterprise information technology equipment and computer software from \$50 million</p>

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
		<p>to \$20 million in a 48-month period. Reduces the amount of space that must be “substantially refurbished” for building the data center from 30,000 square feet to 25,000 square feet. Modifies the definition of “substantially refurbished” to include installation of specified equipment, environmental control, energy efficiency improvements, and building improvements. Specifies that “computer software” means software utilized or loaded at the qualified data center, including the maintenance, licensing, and customization of the software. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision.</p>	<p>Section 32. Sales tax exemption; greater Minnesota business expansions. Provides an upfront sales tax exemption for purchases of tangible personal property and taxable services purchased by a qualified business if the exemption is provided for in the business subsidy agreement under Article 5. The property or services must be primarily used or consumed in greater Minnesota and the purchase must have been made, and delivery received, during the certification period. Exempts the purchase and use of construction materials used or consumed in, and equipment incorporated into, the construction of improvements to real property in greater Minnesota if the improvements are used in the conduct of the trade or business of the qualified business. The exemption applies for state and local sales and taxes. Qualifying businesses may claim the exemption up to \$15,000. The allocations to all qualifying businesses may not exceed \$1 million in a fiscal year, but unused amounts may be carried forward and available in future years. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision.</p>	<p>Section 33. Sales to local governments. Adds local governments to the list of purchasers eligible for a sales tax exemption on qualifying purchases. Defines “local governments” as cities, counties, and townships. Under current law, towns receive this exemption, so the specific reference to towns is removed. This bill retains current law to not extend the exemption to goods or services purchased as inputs to goods and services generally provided by a private business, such as those provided by liquor stores, utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes, and laundromats. Goods and services generally provided by a private business do not include housing services, sewer and water services, wastewater treatment ambulance and other public safety services, correctional services, core or homemaking services provide to elderly or disabled individuals, or road and street maintenance or lighting. Effective for sales and purchases made after June 30, 2013.</p>

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
9	<p>Sales to nonprofits. Provides a cross reference to the exemption in section 11.</p>	<p>Section 34. Same.</p>
	<p>No comparable provision.</p>	<p>Section 35. Sales to veterans groups. Extends the current sales tax exemption for qualifying sales of tangible personal property to qualifying sales of services to veterans groups. Effective for sales and purchases made after June 30, 2013.</p>
	<p>No comparable provision.</p>	<p>Section 36. Sales tax exemption; critical access dental providers. Extends the current sales tax exemption for hospitals and outpatient surgical centers to critical access dental care providers, as defined under current law. Requires that the critical access dental center must serve only recipients of Minnesota health care programs (Minnesota Care, general assistance medical care, and medical assistance). The exemption does not extend to purchases made by a medical facility not operating as a critical access dental provider, building and construction materials for buildings that will not be used principally by the critical access dental provider, and building materials purchased by a contractor as part of a lump sum contract. Effective retroactively for purchases made after June 30, 2007.</p>
10	<p>Public safety radio communications systems. Provides an exemption for ARMER and other emergency public safety radio systems in all counties. Currently only purchases for the ARMER system by the following counties are exempt:</p> <ul style="list-style-type: none"> • Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, and Washington Counties (the first and second phases of the ARMER system) • Dodge, Freeborn, Fillmore, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties (part of the third phase of the ARMER system) • Benton, Sherburne, Stearns and Wright, and Itasca Counties <p>Effective for sales and purchases made after June 30, 2013.</p>	<p>No comparable provision.</p>
11	<p>Established religious orders. Excludes from the sales tax the sale of lodging and table food and beverages between an established religious order and an affiliated higher education institution. Defines both “established religious order” and “affiliated” for purposes of this subdivision. The effect is to reinstate the sales tax exemption St. John’s Abbey lost last year when St. John’s University underwent a governance restructuring in order to meet certain educational endorsement</p>	<p>Section 37. Similar. Does not contain the definitions of “established religious order” or “affiliated”.</p>

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
	requirements. Retroactive to sales and purchases made after June 30, 2012.	
	No comparable provision.	Section 38. Fundraising sales by nonprofit organizations. Extends the current sales tax exemption for qualifying sales of tangible personal property to qualifying sales of services for fundraising sales by or for nonprofit groups. Effective for sales and purchases made after June 30, 2013.
	No comparable provision.	Section 39. Sales at fundraising events sponsored by nonprofit organizations. Extends the current sales tax exemption for qualifying sales of tangible personal property to qualifying sales of services to fundraising events sponsored by nonprofit groups. Effective for sales and purchases made after June 30, 2013.
12	<p>Nursing homes and boarding care homes. Provides a sales tax exemption for most purchases by a nursing home or a boarding care facility. To qualify:</p> <ul style="list-style-type: none"> • the nursing home must be licensed by the state, and the boarding care home must be certified as a nursing facility under federal law; • be an exempt 501(c)(3) entity; and • either be certified to participate in the medical assistance program or certify to the commissioner of revenue that it does not discharge residents due to inability to pay. <p>The exemption does not apply to the following purchases:</p> <ul style="list-style-type: none"> • construction materials purchased as part of a lump sum contract or used in constructing facilities that will not be primarily used by the nursing home or boarding care facility • lodging • prepared food, soft drinks, candy, and alcoholic beverages • leased vehicles, except those leased and used to transport residents and property of the facility <p>Effective for sales made after June 30, 2013.</p>	Section 40. Same.
13	Industrial measurement manufacturing and controls facility. Provides a sales tax exemption for materials, supplies, capital equipment, and fixtures in construction improvement or expansion	Section 43. Same.

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
	<p>of an industrial measurement manufacturing and controls facility if the facility meets the following conditions:</p> <ul style="list-style-type: none"> • total capital investment of at least \$60 million • employs 250 new FTE employees in the state • the Department of Employment and Economic Security determines that the project has a significant impact on the state economy <p>The exemption also applies to materials used in privately owned infrastructure needed to support the facility. The tax is owed at the time of purchase and the owner of the facility may apply for a refund.</p> <p>Effective for sales and purchases after June 30, 2013.</p>	
14	<p>Building materials; resorts and recreational camping areas. Provides a sales tax exemption for construction materials and supplies and equipment incorporated in the improvement of an existing structure at a resort or a private or public campground. The structure may be a cabin or any other structure for use by the resort guests or the campers. It does not apply to construction of new buildings. The tax must be paid at the time of purchase and the facility owner must apply for a refund.</p> <p>Effective for sales and purchases made after June 30, 2013.</p>	No comparable provision.
15	<p>Biopharmaceutical manufacturing facility. Provides a sales tax exemption for materials, supplies, and capital equipment incorporated into construction improvement or expansion of a biopharmaceutical manufacturing facility if the facility meets the following conditions:</p> <ul style="list-style-type: none"> • it manufactures biologics • it makes a total capital investment of at least \$50 million • the facility creates and maintains 190 new FTE employees in the state • the Department of Employment and Economic Security determines that the project meets these requirement in each year in which a refund is requested <p>The exemption also applies to materials used in privately owned infrastructure needed to support the facility. The tax is owed at the time of purchase, and the owner of the facility may apply for a refund.</p> <p>The refund is metered out so that 25 percent of the total allowable refund to date is paid annually.</p> <p>Effective retroactively to investments entered into and jobs created after December 31, 2012, and</p>	Section 41. Same.

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
	before July 1, 2019.	
	No comparable provisions.	Section 42. Sales tax exemption; research and development facility. Exempts materials and supplies used or consumed in and equipment incorporated into the construction or improvement of a qualifying research and development facility that has laboratory space of at least 400,000 square feet and utilizes high and low-intensity laboratories and has a total construction cost of at least \$140 million in a 24-month period. Effective for sales and purchases made after June 30, 2013 and before September 1, 2015.
	No comparable provision	Section 44. Retail, hotel, amusement, and office construction project. Exempts materials and supplied used or consumed in and equipment incorporated into the construction or improvement of buildings and infrastructure for retail, hotel, amusement, and office use provided the project is within a two square mile area and has a capital investment of at least \$250 million. Effective for sales and purchases made after June 30, 2013 and before July 1, 2024.
16	Tax collected. Provides that the purchasers of construction materials and equipment granted an exemption under sections 13 to 15 may pay the tax and apply for a refund of sales taxes paid.	Section 45. Similar, but applies to the refunds of taxes paid under sections 26, 27, 32, 36, and 41 to 44. Also eliminates the reference to capital equipment refunds which is eliminated in section 29, effective after June 30, 2015.
17	Refund. Provides that owners of the facilities granted an exemption on construction materials under sections 13 to 15 must apply for a refund of sales taxes paid.	Section 46. Similar, but applies to the refunds of taxes paid under sections 26, 27, 32, 36, and 41 to 44. Also eliminates the reference to capital equipment refunds which is eliminated in section 29. The applicant for the retroactive refunds under sections 26, 27, and 36 must be the purchaser.
18	Application. Provides that subcontractors and contractors must provide information to facility owner on taxes paid on construction materials exempt under sections 13 to 15 to allow the owners to apply for a refund. The owner of the biopharmaceutical manufacturing facility under section 15 may not apply for a refund until after June 30, 2016, and may only file one refund application per year.	Section 47. Similar, but applies to the refunds of taxes paid under sections 36, and 41 to 44. Does not contain the limit on filing for the refund on the biopharmaceutical manufacturing facility.
19	Motor vehicle lease sales tax revenue. Continues to require that a portion of the sales tax revenues collected on rent-to-own and lease-to-own used vehicles be distributed to the greater Minnesota transit account and county state-aid funds, even though the entire tax is no longer collected at the time the lease is executed.	Section 48. Different. Adds language to tie the rate for calculating net revenue for motor vehicle leases to the current sales tax rate of 6.875 percent. This amount would not be affected by the lowered general and Constitutional rates provided earlier in this article. Effective for sales and purchases made after June 30, 2013.
	No comparable provision	Section 49. Local sales tax referenda; authorized expenditures. Authorizes a political subdivision to expend funds to disseminate information included in a city council resolution adopting the imposition of a local sales tax; provide

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
		notice of and conduct forums for expression of public opinion on the referendum; and provide facts and data on the impact of a proposed sales tax and on the programs and projects that are proposed to be funded with the local sales tax. Effective the day following final enactment.
20	Authorization, rates (Greater Minnesota Counties). Allows a county outside of the metropolitan transit district to impose, by resolution, a county sales tax of up to ½ of one percent and a motor vehicle excise tax of \$20 per vehicle on motor vehicle deals in the county. Currently a county may only impose this tax if approved by the voters at a general election. Effective the day after final enactment.	No comparable provision.
21	Allocation, termination (Greater Minnesota Counties). Expands the types of spending that may be made from revenues from a tax imposed under section 20 to include capital and operating costs of a transit project. Amends the expiration date so that taxes imposed to fund transit operations do not need to terminate. Effective the day after final enactment.	No comparable provision.
22	Tax base; locally collected taxes. Clarifies that the local lodging taxes under general or special law apply to the same base as the state definition of taxable lodging, which includes related services provided by accommodation intermediaries (i.e., online travel companies).	No comparable provision.
23	Collection (local lodging taxes). Requires that if a local government imposes a local lodging tax that is not collected by the state, the local government may only require one payment per year from an accommodations intermediary and must notify the company of the due date for that payment. Effective for sales made after June 30, 2013.	No comparable provision.
24	Use of revenues (St. Paul). Allows the city of St. Paul to deposit into an economic development fund any portion of the 40 percent of its sales tax revenue dedicated to the St. Paul Civic Center Complex not needed for meeting civic center obligations.	Section 50. Same.
25	Expiration of tax authority (St. Paul). Extends the authority for the St. Paul local sales tax to December 31, 2042. Currently the tax would expire on December 31, 2030.	Section 51. Similar. Only extends the tax to December 31, 2040.
26	Rochester lodging tax. Modifies the Rochester lodging tax as follows: Subd. 1a. Authorization. Increases the allowed rate of the lodging tax imposed to fund construction, renovation, improvement, and expansion of the Mayo Civic Center	Article 9. Section 17. Authorizes the city to impose an additional three percent lodging tax. Revenues from the tax must be used to finance Mayo civic center projects. The lodging tax terminates December 31, 2046, or when the city council determines that sufficient funds have been raised to finance the city's obligations associated

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
	<p>Complex from one percent to three percent.</p> <p>Subd. 2. Disposition of proceeds. Adds design costs to the allowed uses for the lodging tax proceeds.</p> <p>Subd. 2a. Bonds. Increases the authority to issue bonds for this project from \$43.5 million to \$50 million.</p> <p>Subd. 3. Expiration of taxing authority. Removes the requirement that the tax in subdivision 1a expires when the proceeds are sufficient to pay the bonds in subdivision 2a; however, it allows the city to choose to repeal the tax anytime after that time.</p>	<p>with the development plan and public infrastructure projects. Does not modify the allowed uses. Provides no additional bonding authority.</p>
27	<p>Use of revenues (St. Cloud). Modifies one of the existing allowed uses of the sales tax in the city of St. Cloud to allow funding of <i>regional</i> community and aquatic and recreational centers and facilities.</p>	<p>Section 52. Similar. Doesn't add the recreational centers and facilities.</p>
28	<p>Termination of tax (central cities). Allows each city to extend the tax in its community from 2018 to 2038, provided the extension is approved by the voters at a general election held by November 6, 2018. The vote must still list the projects to be funded from the tax extension but the tax does not have to expire for one year before being re-imposed.</p>	<p>Section 53. Similar. Requires the referendum to be held no later than November 6, 2017.</p>
29	<p>Use of revenues (Clearwater). The bill provides a specific list of park and trail improvements that the city of Clearwater may fund with its local sales tax. The total amount of revenue that the city may raise from the sales tax remains the same as it was in the original 2008 authorizing legislation—\$12 million.</p>	<p>Section 54. Same.</p>
30	<p>Use of lodging tax revenues (Marshall). Allows the city to use proceeds of this tax for construction of the Minnesota Emergency Response and Training Center and the Southwest Amateur Sports Center, as well as for their ongoing maintenance costs.</p>	<p>No comparable provision.</p>
31	<p>Use of food and beverage tax (Marshall). Allows the city to use proceeds of this tax for construction of the Minnesota Emergency Response and Training Center and the Southwest Amateur Sports Center, as well as for their ongoing maintenance costs.</p>	<p>No comparable provision.</p>
32	<p>City of Marshall, validation of prior act. Allows the city of Marshall until July 1, 2013, to file its approval of the special laws authorizing the taxes in sections 30 and 31, which were originally enacted in 2010.</p>	<p>No comparable provision.</p>
33	<p>City of Proctor; validation of prior act. Allows the city to approve the extended uses and additional bond authority authorized under 2008 and 2010 special law by passing a resolution and filing the approval with the secretary of state by January 1,</p>	<p>No comparable provision.</p>

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Sec.	Article 8: Sales and Use Tax; Local Sales Tax	Article 7: Sales and Use Taxes; Local Sales Taxes
	2014. The additional bonding authority in the 2010 law was already approved by the city voters.	
34	Bemidji; local taxes authorized. Allows the city of Bemidji to impose, by ordinance up to a one percent, food and beverage tax and a one percent local lodging tax. Proceeds from the taxes are to fund operating, maintenance, and capital replacement costs for the Sanford Center. The city may agree to allow the commissioner of revenue to administer and collect the tax.	No comparable provision.
35	Rochester sales tax sharing. Reinstates the authority stricken in article 10, section 10, for the city of Rochester to share \$5 million of its local sales tax revenue collection with surrounding cities. Requires the city council to hold a hearing and approve the revenue sharing by resolution by September 1, 2013, in order to share the money. Expands the cities that share the \$5 million from a possible 17 to 21. If the city does not pass the resolution, the \$5 million is directed to paying the city share of costs related to the Destination Medical Center development plan. Effective the day after final enactment.	Article 9, Section 15. Similar. Adds Racine, Grand Meadow, Dexter, Wanamingo, and Mazeppa to the list of cities authorized to share in \$5 million of Rochester’s local sales tax revenue.
	No comparable provision.	Section 55. Duluth local sales tax rate reduction. Requires the city of Duluth to reduce its general local sales tax from one percent to 0.87 percent. The broader sales tax base authorized in this article would result in local jurisdictions paying off project obligations funded by local sales tax revenues and terminating their local option sales taxes more quickly than anticipated under the current sales tax base. Duluth is the only local option sales tax that has no expiration and may be used for any city purpose, so the increased sales tax base authorized in this article would result in Duluth realizing greater sales tax revenue than other local jurisdictions having local option sales taxes. Effective for sales and purchases made after June 30, 2013.
36	Repealer. Repeals the Rochester local food and beverage tax authority authorized in 2009 but never imposed.	Section 56. Repealer. Repeals the exemptions for sales tax on clothing, Superbowl admissions, copies of court reporter documents, and telecommunications, cable television, and other direct satellite machinery and equipment. Effective for sales and purchases made after June 30, 2013.

Sec.	Article 9: Economic Development	Article 8: Local Development
1	Public bidding requirement. Modifies the Bloomington Port Authority’s special law exception to the general law, competitive bidding requirements. Under present law, this exception is limited to structured parking constructed above, below, or adjacent to the development. The section	No comparable provision

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Sec.	Article 9: Economic Development	Article 8: Local Development
	expands the exemption to apply regardless of the source of port authority funds used (present law is limited to TIF and revenue bonds) and to extend it to other public improvements in addition to structured parking.	
2	Border city funding. Allocates \$1.5 million for border city enterprise zone and border city development zone tax reductions. This allocation is divided equally between the two programs (\$750,000 to each), but the city can reallocate the amounts between the two programs. The allocation is divided among the qualifying border cities on a per capita basis. The five cities that qualify are Moorhead, Dilworth, East Grand Forks, Breckenridge, and Ortonville.	No comparable provision
	No comparable provision	Section 1. Authority; tax increment financing. Modifies the definition of ‘authority’ by adding a municipality that undertakes a project pursuant to the newly created mining reclamation project area.
	No comparable provision	Section 2. Soil deficiency district; definition. Defines a soil deficiency district as a district consisting of a project or portions of a project within which the authority finds by resolution that the following exists: <ol style="list-style-type: none"> 1. Parcels consisting of 70 percent of the area of the district contain unusual terrain or soil deficiencies that require substantial filling, grading, or other physical preparation for use. A parcel is eligible for inclusion if at least 50 percent of the area of the parcel requires substantial filling, grading, or other physical preparation for use; and 2. The estimated cost of physical preparation of the district, excluding certain road and local improvement costs, exceeds the fair market value of the land before completion of the preparation.
	No comparable provision	Section 3. Mining reclamation project area. Authorizes an authority to designate a mining reclamation project area where parcels consisting of at least 70 percent of the acreage, excluding street and railroad right-of-ways, are characterized with one of more of the following: peat or other soils with geotechnical deficiencies; soils or terrain that requires substantial filling, landfills, dumps or similar deposits of municipal or private waste, floodways or substandard buildings.
	No comparable provision	Section 4. Municipality approval. Requires an authority that establishes a mining reclamation project area must document the reasons and supporting facts for creating the district, and must retain documentation until two years after decertification of the district. The findings must have been made and documented no more than ten years before the approval of the tax increment

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Sec.	Article 9: Economic Development	Article 8: Local Development
		financing plan for the district.
		Section 5. Duration limits; terms. Sets the duration limit for a soil deficiency district at 20 years.
		Section 6. Soils conditions districts. Provides that increment from a soils condition district in a mining reclamation project area may also be used for public improvements in the area that are directly caused by the removal or remedial action.
3	Economic development districts. Eliminates obsolete language related to the qualified retail facilities (the substantive definitions were repealed in 2010) and the temporary exemptions under the 2010 jobs bill.	Section 7 is different; it eliminates the obsolete reference to qualified border facilities, but it also extends the 2010 jobs bill’s ‘TIF’ authority allowing increment from economic development districts to be used to provide improvements, loans and grants if the following conditions are met: <ol style="list-style-type: none"> 1. Construction of the project begins prior to June 30, 2014; 2. The project will create or retain jobs in Minnesota, including construction jobs and the project would not have commenced prior to June 30, 2014, without the assistance; and 3. The request for certification of the district is made no later than December 31, 2014.
	No comparable provision	Section 8. Temporary authority to stimulate construction. Extends the 2010 jobs bill’s ‘TIF’ authority allowing authorities to spend excess and surplus increment to provide improvements, loans, and grants if the following conditions are met: <ol style="list-style-type: none"> 1. The project will create or retain jobs in Minnesota, including construction jobs and the project would not have commenced prior to June 30, 2014, without the assistance; 2. The municipality approves a written spending plan containing a detailed description of each action to be undertaken; and 3. The authority to spent increment under this section expires December 31, 2014.
4	General government use. Eliminates the prohibition on using tax increments for improvements and equipment that either primarily serve a decorative or aesthetic purpose or whose costs are twice as high because of the selection of the types of materials or designs compared with more commonly used improvements or equipment.	No comparable provision
	No comparable provision	Section 9. Soil deficiency district; increments. Restricts the use of increment from a soil deficiency district in a mining reclamation project area to the acquisition of parcels, paying costs of correcting soil deficiencies, administration expenses and redevelopment costs provided that the costs do not

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Sec.	Article 9: Economic Development	Article 8: Local Development
		exceed 25 percent of the tax increment.
5	Four-year rule. Extends the temporary two-year extension of the four-year rule that applies to TIF districts certified between January 1, 2005, and April 20, 2009, through December 31, 2016.	Section 10. Same
	No comparable provision	Section 11. Ten-year rule. Extends the five year rule under the tax increment financing law to ten years for all districts certified after June 30, 2003.
	No comparable provision	Section 12. Use of revenues for decertification. Makes a corresponding change in tax increment law to reflect the change from a five-year rule to a ten-year rule. Now, beginning with the eleventh year, increment may only be spent to pay bonds issued during the ten-year period, pay binding contracts with a third party and to reimburse the developer or owner for costs incurred.
	No comparable provision	Section 13. Original local tax rate; TIF. Clarifies that the sum of all the local tax rates excludes that portion of the school rate attributable to the general education levy under section 126C.13.
6	<p>Adjustment to original net tax capacity. Authorizes development authorities to elect to reduce the original net tax capacity of a TIF district for the effects of enactment of the homestead market value exclusion (HMVE). This election must be approved by the municipality (typically the city in which the TIF district is located or the county for TIF districts located in towns). The election is limited to “qualified TIF districts”—generally districts that have a large loss in captured tax capacity as a result of enactment of the HMVE.</p> <p>To qualify for the election, a district must satisfy three criteria:</p> <ul style="list-style-type: none"> (1) The district received a homestead market value credit of \$10,000 or more for taxes payable in 2011 (the last year before the credit was replaced by the HMVE). (2) The district’s captured net tax capacity must have dropped by at least 1.75 percent as a result of the MVE for taxes payable in 2013 (the most recently available year). (3) Either the district’s five-year rule must still be open (that is, the increments are still permitted to be spent) or the district must not have enough increment to pay its outstanding bonds. <p>For a qualified district, the subtraction will equal the reduction in net tax capacity of the TIF district that results from the HMVE for taxes payable in 2013. The subtraction cannot reduce original net tax capacity below zero. An election must be made before July 1, 2014. For an election to apply for taxes payable in 2014, it must be made by July 1, 2013.</p>	No comparable provision

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Sec.	Article 9: Economic Development	Article 8: Local Development
7	<p>Fiscal disparities calculations; MOA funding. Provides that commercial-industrial tax capacity in the MOA TIF districts is exempt from contributing to the areawide pool and that tax increments in the MOA TIF districts include the tax that would normally be paid to the areawide pool.</p> <p>Effective date: Taxes payable in 2014, but for this provision to take effect, the city clerk for Bloomington must certify to the Hennepin County auditor that the city has entered a binding, written agreement to rehabilitate or replace the Old Cedar Avenue bridge and approves the provisions of section 18 requiring the city to transfer increments from these districts to pay for the Old Cedar Avenue bridge.</p>	<p>Article 2, section 35, is different. It increases Bloomington’s fiscal disparities levy by \$4 million for the 10-year period from pay 2014 to pay 2023 and directs the Hennepin county auditor to distribute the revenues to the city. The provision does not deem these revenues to be tax increment or require them to be spent on the MOA project.</p>
8	<p>Bloomington Central Station (BCS) TIF. Makes three changes in Bloomington’s BCS TIF district:</p> <ul style="list-style-type: none"> • Extends the five-year rule from ten years (under 2008 special legislation) to 15 years. • Allows the city to extend the duration of the district through 2039 (an eight-year extension). • Unfreezes the original tax capacity rate, allowing the district’s increment to be calculated using the current tax rate, not the rate that was in effect when the district was certified. 	<p>Section 14. Same</p>
9	<p>Oakdale TIF. Modifies the special TIF law for the city of Oakdale, passed by the legislature in 2008 and modified in 2009, granting the city authority to deviate from general law rules with regard to TIF districts created in a defined area of the city. This bill makes two changes in the special law authority:</p> <ul style="list-style-type: none"> • The period of time that the city has to establish TIF districts under the special law is extended by four years from 2013 to 2017. • An exemption is provided to the general law “blight test” rules. The blight test (essentially a requirement that an area contain “blighting” conditions that legally justify creating a redevelopment TIF district) requires that 70 percent of the parcels in an area be occupied by buildings or other qualifying structures and that 50 percent of the buildings be substandard. A parcel can be treated as being occupied by a substandard building if the parcel was occupied by a substandard building that was demolished within three years of certification of the district and if a four-part test is satisfied. The bill provides special rules for meeting this four-part test: <ul style="list-style-type: none"> ○ The three-year time limit between demolition of the building and the 	<p>Section 163 is similar. Does not allow the HRA to make the election on behalf of the city and does not include the duration extension.</p>

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Sec.	Article 9: Economic Development	Article 8: Local Development
	<p>certification of the district does not apply.</p> <ul style="list-style-type: none"> ○ The requirement that private demolition (if done by the property owner rather than the development authority) be done under a development agreement does not apply. <p>The adjustment to original net tax capacity (increasing it for any reduction in tax capacity resulting from demolition of the building) does not apply. This is consistent with the original special law, which allowed the city to set the original tax capacity at the land value.</p> <p>Then section also allows the city to extend the duration of the district by ten years.</p>	
10	<p>Oakdale TIF; extension and expanded spending authority. Extends the duration of the Bergen Plaza TIF district in Oakdale by 16 years. In 2010, the legislature granted this district a ten-year extension, so the combined extensions would equal 26 years.</p> <p>In addition, this section repeals the restrictions the 2010 special legislation placed on the extension. The 2010 legislation prohibited pooling of increments from the district during the extension, except to the extent that they were used for improvements on two listed parcels. (Pooling refers to the spending of increments from the district on activities outside of the geographic area of the district. This district is a pre-1990 district that would otherwise not have been subject to pooling restrictions.) Under the changes made by this section, this restriction would not apply; in effect allowing the city to use the district’s increments on activities anywhere in the project area.</p> <p>Because this is an extension, it would require approval by the county and school district in addition to the city.</p>	<p>Section 15 allows only a 6-year extension and does not explicitly provide for approval of the extension by the county and school district.</p>
	<p>No comparable provision</p>	<p>Section 17. City of Oakdale; TIF. Authorizes the city of Oakdale to spend increments from TIF District No. 1-6 (Echo Ridge) to pay for other activities (as specified) within the project area.</p>
11	<p>MOA TIF district; property transfer and extension. Allows the port authority and city of Bloomington to elect to transfer several parcels between the MOA TIF districts. This will allow these undeveloped parcels on the northern edge of the district containing the mall to be shifted to the district containing the site of the former Met Center. This would have the effect of extending by three years the ability to collect increments from these parcels.</p> <p>In addition, this section allows Bloomington to extend the two MOA TIF districts through 2034 (an</p>	<p>Section 23 is the same with regard to the transfer of the parcels between the two TIF districts.</p> <p>No comparable provision to the extension with</p>

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Sec.	Article 9: Economic Development	Article 8: Local Development
	<p>18-year extension for the district containing the mall and 15-year extension for the district containing the Met Center site). During the extension, however, increment would be limited to the special fiscal disparities computation provided by section 7; local tax rates for the city, county, school, and special districts would be computed including the captured tax capacity of the TIF districts. The extensions would terminate for taxes payable in 2024, if new improvements, worth at least \$100 million, have not been constructed in District No. 1-G (the district containing the former Met Center) by January 1, 2021.</p> <p>This provision is effective upon local approval by the city, but does not require approval by the county or school district, since the entire area covered by the fiscal disparities tax is affected equally, not just the school or county. In addition, the provision does not become effective unless the city has entered a binding, written agreement to rehabilitate or replace the Old Cedar Avenue bridge.</p>	<p>authority to collect FD increment; article 2, section 35, provides the city of Bloomington with \$40 million of fiscal disparities revenue for this purpose.</p>
12	<p>St. Cloud TIF. Deems TIF District No. 2, referred to as the Norwest District, in the city of St. Cloud, a “gap district,” that is a district for which the request for certification was made on or after August 1, 1979, and before July 1, 1982. This will clarify an issue (which cannot be resolved in the city’s records) of when the district was certified and what TIF rules apply to it. “Gap districts” were created before the 1982 legislature allowed “pooling” of increments for new TIF districts.</p>	<p>Section 20. Same</p>
13	<p>Dakota County CDA TIF; West St. Paul. Allows the Dakota County Community Development Agency (CDA) to establish a redevelopment TIF district in the city of West St. Paul. This district would consist of the parcels of a redevelopment district that was decertified in 2012; the original tax capacity of the district is set at \$93,239. The district is treated as a redevelopment district, but it must be decertified in 2018. Under general law, a redevelopment district is allowed 26 years of increment, as contrasted with the five years allowed to this district. Alternatively, the bill could be viewed as a five-year extension of the pre-existing district, since the original tax capacity is set at the level of the decertified district.</p> <p>This district would be exempt from the blight test (i.e., the rules that restrict areas that qualify as redevelopment districts) and is provided exemptions for the following limits on the spending of redevelopment district increments:</p> <ul style="list-style-type: none"> • The requirement that increments be used for blight correction does not apply. • The pooling rules (percentage limits on how much increment may be spent on activities outside of the TIF district) do not apply. 	<p>Section 19 is similar except the duration extension is for an additional 10 years (through 2028, rather than 2018 as in the House bill). In addition, there are minor language differences with no substantive effects.</p>

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Sec.	Article 9: Economic Development	Article 8: Local Development
	<p>The district’s captured tax capacity is included for computing state aid formulas (e.g., local government aid, county program aid, education aid, and so forth).</p>	
<p>14</p>	<p>Glencoe TIF extension. Authorizes the city of Glencoe to extend the duration of its TIF district No. 4 through December 31, 2023. This district is a redevelopment district that is required by general law to be decertified in 2013, so this is a ten-year extension and the district would have a 35-year duration.</p> <p>The additional increment collected during the extension would be limited to paying debt service on bonds that were outstanding on January 1, 2013, for public improvements serving:</p> <ul style="list-style-type: none"> • the city’s TIF district No. 14 (a redevelopment district certified in 2004); • the city’s TIF district No. 15 (an economic development district certified in 2007); and • benefited properties related to a series of special assessment bonds issued in 2007 (or refunding bonds). <p>Effective date: Upon local approval by the city, county, and school district.</p>	<p>Section 22. Same</p>
<p>15</p>	<p>Ely TIF extension. Allows the city of Ely to extend the duration of its TIF district No. 1 by four years (from 2017 to 2021). The city is also permitted to transfer increments from TIF District No. 3 to pay binding obligations of the TIF District No. 1, which has a deficit. This transfer is limited to \$168,000 or the amount of the shortfall in District No. 1, whichever is less.</p> <p>Effective date: Upon local approval by the city, county, and school district.</p>	<p>Section 21 is similar with a minor (inconsequential) language difference.</p>
<p>16</p>	<p>Maplewood TIF. Authorizes the city of Maplewood to establish TIF districts within an area of the city defined by reference to a property tax parcel number, which presumably consists of all or part of the corporate campus of the 3M Company. If the city so elects, these TIF districts will be subject to special law rules that differ from those under general TIF law.</p> <p>The city could approve TIF plans and establish districts under this authority through December 31, 2018.</p> <p>The following special rules or exemptions from general law would apply to districts certified in the defined project area:</p> <ul style="list-style-type: none"> • Blight test exemption. Redevelopment districts could be established without meeting the blight test. Ninety percent of increments from the district, unlike a general law redevelopment district, would not be 	<p>Section 25. Same</p>

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Sec.	Article 9: Economic Development	Article 8: Local Development
	<p>required to be spent on correction of blight.</p> <ul style="list-style-type: none"> • Pooling exemption. So long as increments are spent within the defined project area, restrictions on pooling increments (that is, spending on activities outside of the TIF district) do not apply. • Five-year rule exemption. The five-year rule, which requires spending to be completed within five years of certification of the district, is extended to ten years. • One-year knockdown rule. Parcels in a district would be subject to a one-year knockdown rule—that is, if construction does not start on a parcel within one year after its certification for inclusion in the TIF district, the parcel would be dropped from the district and could only be reinstated when construction actually begins. Under general law, a four-year period applies. 	
17	<p>Minneapolis value capture district for transit. Authorizes the city of Minneapolis to create a value capture district to finance construction of a streetcar line and related improvements. The city could include parcels in the district that are located in four defined areas of its downtown (three of the areas consist of one block and the other two blocks). Revenues from the district would be calculated using the same method that applies under the TIF law, except current tax rates would be used, rather than a certified original tax rate.</p> <p>Revenues from district may be spent for items within an area located one block on either side of the streetcar line, the location of which would be determined by the city. Permitted uses of district revenues are limited to:</p> <ul style="list-style-type: none"> • planning and design for the streetcar line; • acquiring, constructing, and equipping the line; • transit stations; and • related public infrastructure improvements (sidewalks, street improvements, and so forth). <p>District revenues may not be used to pay for operation of the streetcar line.</p> <p>The city is authorized to issue bonds without an election under the authority.</p> <p>The duration of the district is limited to 25 years or the time needed to pay for the capital improvements, including bonds, if that is shorter.</p>	<p>Section 18 is similar, except it describes the district by referencing parcel numbers, rather than the boundaries of blocks as the House bill does, and it does not explicitly exclude the state general tax from computation of the district’s taxes.</p>
18	<p>City of Bloomington; Old Cedar Avenue Bridge. Requires the city of Bloomington to transfer increment from its two MOA TIF districts equal to the amount of increment for taxes payable in 2014</p>	<p>No comparable provision</p>

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Sec.	Article 9: Economic Development	Article 8: Local Development
	<p>as a result of section 7 to be used to renovate or replace the Old Cedar Avenue bridge.</p> <p>The section also prohibits putting signage on or around the bridge acknowledging contributions, sponsorships, or sale of naming rights to the bridge.</p> <p>Effective date: Subject to local approval by the city of Bloomington</p>	
<p>19</p>	<p>Labor peace agreements. States that the purpose of labor peace agreements is to protect the public investments in hospitality operations such as hotels by preventing labor actions that interfere with these businesses.</p> <p>The section requires labor peace agreements on qualifying projects. A labor peace agreement is a condition precedent to qualifying for state or local assistance for the project. A project is subject to this requirement if it satisfies five criteria:</p> <ol style="list-style-type: none"> 1. The state or a local government provides a grant, loan, loan guarantee, TIF, revenue from GO bonds, tax abatement, tax reduction, deferral or credit or the state or local government is an owner of the project, has an equity interest in the project or donates, sells, or leases property or infrastructure to support the project. 2. The project is located in Hennepin, Olmsted, Ramsey or St. Louis county. 3. The project involves construction or development of : <ul style="list-style-type: none"> • a hotel; • a food beverage facility that is integral to a hotel, a professional sports facility, a convention center, or civic center; or • cultural venue with a catering facility or cafeteria. 4. The project employs hospitality workers – defined as full or part-time workers of hotels or their integral food and beverage operations or food and beverage and merchandise workers of qualifying projects, but excluding supervisors, managers and guards. 5. The project receives \$1 million or more in state or local assistance (defined as assistance from the state or a county, city, town or development authority). <p>A labor peace agreement is an agreement between the employer and a labor organization seeking to represent hospitality workers at a qualifying project. To satisfy the requirements, a labor peace</p>	<p>No comparable provision</p>

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Sec.	Article 9: Economic Development	Article 8: Local Development
	<p>agreement must:</p> <ul style="list-style-type: none"> • Prohibit the labor organization, its members, and covered employees from picketing, striking, boycotting, and similar economic interference while the government assistance is provided. • Provide for resolution of disputes by binding arbitration. • Require employers of hospitality workers to incorporate the labor peace provisions into their contracts with other entities using hospitality workers at the project. <p>The requirements are satisfied, if the employer (e.g., the hotel) has a collective bargaining agreement covering its hospitality workers with a recognized union.</p> <p>The requirements are not triggered by financial assistance granted before August 1, 2013.</p>	
	No comparable provision	<p>Section 24. City of Apply Valley; TIF Authority. Authorizes the city of Apple Valley to use tax increment financing to provide improvements, loans, subsidies to buildings and facilities if: (1) the projects will create or retain jobs, including construction jobs, in Minnesota; (2) construction of the project will not begin prior to July 1, 2014 without the use of tax increment financing; (3) request for certification of the district is made no later than June 30, 2014; and (4) construction of the project begins no later than July 1, 2014.</p>

Section	Article 10: Destination Medical Center	Article 9: Destination Medical Center
1	<p>Construction material; public infrastructure costs. Provides a sales tax exemption for construction materials and supplies used in, and equipment incorporated into public infrastructure included in the Destination Medical Center Corporation (DMCC) development plan and financed with public funds.</p> <p>Effective date: Purchases after June 30, 2015.</p>	<p>Section 1. Same</p>
2	<p>Definitions. Defines “city” (Rochester), “county” (Olmsted), “Destination Medical Center Corporation” (nonprofit created by the city), “destination medical center development district” (geographic area in the city in which under the development plan public infrastructure projects are implemented), “development plan” (adopted by the nonprofit corporation), “medical business entity” (Mayo), and “public infrastructure project” (project funded in part or whole with public money to support the medical business entity’s development identified in the development plan).</p>	<p>Section 2. Similar, except it:</p> <ol style="list-style-type: none"> 1. Contains definitions to accommodate the Senate bill’s use of a new governmental entity, the Destination Medical Center Authority, to conduct activities related to the DMC 2. Does not contain definitions related to the House’s use of Destination Medical Center Corporation 3. Expands the definitions of permitted public infrastructure projects (i.e., those

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Section	Article 10: Destination Medical Center	Article 9: Destination Medical Center
		<p>that may be financed with state aid) to include assisting private development (other than those directly for the Mayo Clinic)</p>
<p>3</p>	<p>Destination Medical Center Corporation (DMCC) established.</p> <p>Subd. 1. DMCC created. Directs the city to establish a nonprofit corporation. Provides that the corporation is not subject to laws governing the city except as provided in this section.</p> <p>Subd. 2. Membership. Provides for nine members:</p> <ul style="list-style-type: none"> • the mayor of the city or designee, subject to city council approval • a member of the city council • a member of the county board • two representatives of the medical business entity selected by the city from five nominees provided by the medical business entity • one representative of labor selected by the city from three nominees provided by the Southeast Minnesota Area Labor Council • one representative of the city business community other than the medical business entity, selected by the city from among three nominees provided by the chamber of commerce • two appointees of the governor <p>Subd. 3. Bylaws. Directs the DMCC to adopt bylaws to address matters of organization and operation.</p> <p>Subd. 4. Open meeting law; data practices. Provides that the open meeting law in chapter 13D and the government data practices act apply to the DMCC.</p> <p>Subd. 5. Conflicts of interest. Prohibits members of the board of the DMCC, other than the representatives of the medical business entity, from being employees of, serving on the board of, or otherwise representing the medical business entity for a year before serving on the board and while on the board.</p> <p>Subd. 6. Powers; gifts. Permits the DMCC to exercise any powers granted in its articles of incorporation and bylaws as long as they are not inconsistent with this article. Permits the DMCC to accept gifts and use any money or in-kind gifts that are not public money to development and implement the adopted plan.</p>	<p>Section 3. Destination Medical Authority. Different – establishes a new governmental entity to create and implement development plan. (Nonprofit corporation under House bill would solely engage in planning. Financing and implementation would be done by the city; the nonprofit corporation would be limited to financing with private money it obtains, not state aid or city taxes.)</p> <p>Subdivision 1. Establishment of authority and board. Establishes the authority and board. The board has eight members: four members appointed by the Governor and confirmed by the Senate; two members appointed by the city council; one member appointed by the county; and one member appointed by Mayo. The Governor’s appointees may not be residents of the city. The gubernatorial, city, and county appointees must not have financial interests in Mayo or any projects under consideration or authorized by the authority. Six members constitutes a quorum.</p> <p>Subdivision 2. Terms; vacancies. Provides that the eight board members are to be appointed by the first Monday in January 2014. A board member’s term is six years, except that two of the Governor’s appointees, one city appointee, and the county appointee serve a three-year term after the 2014 appointment, and the Governor, city council, and county board of commissioners, respectively, must make replacement appointments for those board seats in January 2017.</p> <p>Subdivision 3. Chair. Requires the Governor to appoint a chair from the board’s membership and requires that the chair convene a meeting within two months of the senate confirmation of the Governor’s appointees.</p> <p>Subdivision 4. Pay. Provides that the board members are to be compensated as required under current law for administrative boards and commissions and may be reimbursed for actual expenses.</p> <p>Subdivision 5. Removal. Provides the procedures for removing a member of the board for cause.</p> <p>Subdivision 6. Sunset. Requires the authority to sunset on December 31, 2049.</p>

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Section	Article 10: Destination Medical Center	Article 9: Destination Medical Center
	<p>Subd. 7. Dissolution. Requires the articles of incorporation to provide for dissolution of the corporation.</p>	
	<p>No comparable provision</p>	<p>Section 4. Authority characteristics and jurisdiction. Provides that the authority is a subdivision of the state and states that the boundary of the authority must be within a medical development district. If the authority finances development outside a medical development district, that development must be included in the public infrastructure development plan and is subject to the planning, zoning, sanitary, and building laws applicable to the area where the development authority takes place.</p>
	<p>No comparable provision – all of these provisions are left to be determined by the corporation’s articles of incorporation and bylaws</p>	<p>Section 5. Officers; duties; organizational matters. Requires the authority to annually elect a treasurer and appoint a secretary and assistant treasurer. The secretary and assistant treasurer may be board members. Provides the duties of the treasurer, secretary, and assistant treasurer. Requires that the authority’s financial statements must be prepared in the same way as city financial statements. Requires the authority to employ a CPA for annual examination and audit and that the exam and audit report be filed with the state auditor by June 30 of every year.</p>
	<p>No comparable provision</p>	<p>Section 6. Depositories; default; collateral. Sets forth the provisions for authority depositories and a bond for repayment of deposits. Exempts the treasurer from liability for loss of deposits based on fault of the depository.</p>
	<p>No comparable provision</p>	<p>Section 7. Tax levies; city or county appropriations; other fiscal matters. Requires that the authority must not levy a tax or special assessment or incur obligation on property not owned by the authority. Requires the authority to send its budget to the house and senate tax committee chairs and ranking minority members. Authorizes the city or county to appropriate money for the authority’s use. Provides that a local government tax base is not reduced by any provision in the new chapter.</p>
<p>4</p>	<p>Development plan.</p> <p>Subd. 1. Development plan; adoption by DMCC; notice; findings. Directs the DMCC to prepare and adopt a development plan after publication, notice, and public hearing. Requires the DMCC to make certain findings before adopting the plan, including that the city has approved the plan. The plan must give priority to projects that pay wages equal to a basic cost of living standard proposed in the jobs bill.</p> <p>Subd. 2. Modification of development plan. Directs the DMCC to review and</p>	<p>Section 9. Development Plan. Similar with the following differences:</p> <ul style="list-style-type: none"> • Preparation is done by authority, rather than corporation. • Requires 60-day notice (House bill requires 45-day notice). • City does not have authority to approve the development plan (as in the House bill), but only to review for consistency with the city’s comprehensive plan and to provide a written statement of reasons and supporting facts to the authority, if the city

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Section	Article 10: Destination Medical Center	Article 9: Destination Medical Center
	<p>update the plan at least every five years.</p> <p>Subd. 3. Medical center development districts; creation; notice; findings. Permits the DMCC plan to create districts and subdistricts within the city. Permits projects to be undertaken within the districts consistent with the adopted development plan.</p> <p>Subd. 4. DMCC consultant. Permits the DMCC to hire a consultant with the expertise and experience in developing the destination medical center.</p> <p>Subd. 5. Audit of consultant contracts. Provides that any consulting services paid for with public money are subject to audit by the DMCC, the city and the state auditor, as necessary to certify the nature and extent of services furnished, and that payment complies with applicable laws and terms of the contract.</p> <p>Subd. 6. Report. Requires an annual report by the DMCC and city to the legislature, and to the commissioners of revenue and employment and economic development, and to the county. Specifies scope of report, including actual costs and financing sources, including state aid amounts paid and the required local contributions.</p>	<p>determines the development plan is not consistent with comprehensive plan.</p> <ul style="list-style-type: none"> • Similar provision in section 2. • Authority is required to hire a consultant (House bill only authorizes that) to work on development plan. • Minimum requirements for contracts for construction, materials, supplies and equipment necessary for a public infrastructure project are specified. Allows a variety of forms of contract, such as design-build and construction manager at risk. Authorizes the construction manager to hire subcontractors under certain conditions. (The House bill is silent on these issues; they would be governed by the rules that apply under other law to the city, which is responsible for implementing the development plan.)
		<p>Section 10. Powers and duties. Provides for the powers of the authority, including those of a redevelopment agency under current law. Authorizes the authority to undertake public infrastructure projects in a medical center development district, provided the authority finds that the public infrastructure project is consistent with and in furtherance of the development plan. Allows the authority to acquire property to create medical development districts and provides for a property tax exemption for such property while held by the authority. Authorizes the authority to sell property it owns or holds with two-thirds approval of the board and provides for notice requirements of property sales or other conveyances. Allows the authority to enter into contracts for economic development purposes and provides that the state and its municipal subdivisions are not liable for the obligations of the authority. Provides for other powers of the authority, including contracting for services, purchasing supplies, using city facilities and services, delegating power, cooperating with or acting as an agent for state or federal government, and accepting public land, and borrowing in anticipation of bonds. Provides that the authority does not have tax increment financing powers.</p>

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Section	Article 10: Destination Medical Center	Article 9: Destination Medical Center
	<p>No comparable provision; city would issue any bonds to implement development plan</p>	<p>Section 11. Revenue obligations; pledge; covenants. Provides that the authority may issue revenue bonds and states the form and sale requirements for bonds. Provides that bonds may be secured by authority revenue, payments by Mayo, and city and county revenue. Requires that authority bond debt is not city, county, or state debt.</p>
<p>5</p>	<p>City powers; duties, authority to issue bonds. Grants the following powers to the city for purposes of implementing the DMC development plan:</p> <ul style="list-style-type: none"> • general port authority powers • authority to provide money to fund the corporation • authority to issue any type of bonds, without referendum and outside of net debt limits, secured by any of the city revenues, including the newly authorized taxes and state aid payments under section 8. <p>The city is prohibited from issuing bonds secured only by state aid payments and is required to use, to the extent practicable, American made steel in the project.</p>	<p>No comparable provision, although the powers of the authority under the Senate bill are similar to the powers of a port authority.</p>
<p>6</p>	<p>City tax authority. Provides the city of Rochester the following options to fund the city’s share of the public infrastructure projects for the DMC development plan.</p> <p style="padding-left: 40px;">Subd. 1. Other local taxes authorized. Authorizes the city to impose by ordinance any of the following local taxes:</p> <ul style="list-style-type: none"> • a local lodging tax • a food and beverage tax • an admission/entertainment tax <p>Proceeds from any of these taxes must be dedicated to funding projects included in the development plan. If imposed, these taxes terminate by December 31, 2041, or when sufficient funds are raised to meet the cities obligations for funding these projects.</p> <p style="padding-left: 40px;">Subd. 2. General sales tax authority. The city may also choose to extend its existing local sales tax until 2041 under section 11 or increase its general local sales tax rate (by up to an additional 0.5 percent point) under section 9.</p> <p style="padding-left: 40px;">Subd. 3. Special abatement rules. Authorizes the city and county to use the general economic development abatement law to fund the DMC development without regard to the duration limits, the prohibition on granting additional abatements for eight years after an abatement was granted, and the percentage and dollar amount limits.</p>	<p>Section 12. Similar – with the following differences.</p> <p>Subd. 1. Only authorizes an admissions and entertainment tax.</p> <p>Subd. 2. Only allows an increase of ¼ of one percent.</p> <p>Subd. 3. Same.</p>

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Section	Article 10: Destination Medical Center	Article 9: Destination Medical Center
	<p>Subd. 4. Special tax increment financing rules. Authorizes the city to establish redevelopment TIF districts within the area of the DMC district without regard to the blight test and the requirement that redevelopment district increments be spent on blight correction.</p>	<p>Subd. 4. Same.</p>
<p>7</p>	<p>County tax authority. Authorizes Olmsted County to impose, by resolution, up to a 0.25 percent general sales tax and/or up to a \$10 per vehicle wheelage tax to pay a portion of the transit infrastructure costs related to the DMC development plan. Revenues are first dedicated to the county portion which is limited to the amount raised by a sales tax of 0.15 percent, and any excess revenues may be used by the county to fund other transportation and transit projects within the county. Until January 1, 2018, the combined wheelage tax imposed under this section and general law must be equal to the rate in general law due to limitations in the state computer system.</p> <p>Taxes imposed under this section expire at the earlier of December 31, 2041, or when the county determines it has revenues sufficient to meets its obligation to the DMC transit projects.</p>	<p>Section 8. Similar. The Senate calls the general sales tax a transportation tax and uses it to pay for DMC transportation infrastructure while the House calls it a transit tax and dedicates it to DMC transit infrastructure.</p> <p>The maximum expiration date is extended to December 31, 2046.</p>
<p>8</p>	<p>State infrastructure aid. Provides for general state infrastructure aid and transit aid based on private investment and local city and county contributions to fund infrastructure projects in the DMC development plan.</p> <p>Subd. 1. Definitions. Defines terms for the purposes of the aid programs:</p> <ul style="list-style-type: none"> • Commissioner is the commissioner of the Department of Employment and Economic Development (DEED). • Construction projects are buildings in Rochester for which the building permit is granted after June 30, 2013. • Expenditures are capital outlays by the Mayo Clinic for building construction projects, including both hard and soft costs. • Qualified expenditures are expenditures that exceed \$200 million; this is the point at which the expenditures enter into the aid formula calculations under subdivision 3 and 5. • Transit costs are the parts of the development plan related to transit improvements. <p>Subd. 2. Certification expenditures.</p>	<p>Section 13. Similar with the indicated differences.</p> <p>Subd. 1. Defines “qualified expenditures” as expenditures that exceed \$250 million. Renames “transit costs” as “transportation costs”.</p> <p>Subd. 2. Same.</p>

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Section	Article 10: Destination Medical Center	Article 9: Destination Medical Center
	<p>Requires Mayo Clinic to annually certify to DEED the amount of its expenditures. This must be done in the manner specified by DEED.</p> <p>Subd. 3. General state infrastructure aid. Provides for payment of state aid to Rochester after the Mayo Clinic has made a minimum of expenditures of \$200 million for construction of buildings in the city. The aid equals the amount of those expenditures in the prior calendar year multiplied by 2.75 percent. To qualify for this aid, the city must make the local match specified in subdivision 4. The aid will be paid on September 1. The city is authorized to use the aid only for public infrastructure costs (other than transit costs) of the DMC. The aid cannot exceed \$30 million in any year and the total amount of aid cannot exceed the amount necessary to pay for the project costs of \$327 million, including financing costs. If the aid entitlement in any year exceeds the annual dollar limit, the excess is carryover to later years.</p> <p>Subd. 4. General aid, local matching contribution. Sets a local matching contribution to qualify for the state aid of \$128 million of project costs. DEED and the city will agree on the manner and timing for making this local contribution. The city and DEED may agree to modify this agreement when appropriate.</p> <p>Subd. 5. Transit aid. Provides that transit aid is calculated in the same manner as state general aid, except a rate of 0.75 percent is used. To qualify for transit aid in any year, the local match must be provided as provided in subdivision 6. The maximum amount of transit aid that may be paid in any year is \$7.5 million. If the aid entitlement in any year exceeds the annual dollar limit, the excess is carryover to later years.</p> <p>Subd. 6. Transit aid; local match. Provides that the local match of transit aid is an amount equal to the lesser of:</p> <ul style="list-style-type: none"> • 40 percent of the state transit aid under subdivision 5; or • the amount that would be raised by imposing a county general sales tax at a rate of 0.15 percent. <p>The local match could be met by the county imposing that tax or by the county and city agreeing to use other funds to provide an equal amount.</p>	<p>Subd. 3. Requires the Mayo Clinic to make at least \$250 million in expenditures before state aid is paid. Matches private investment on investment over \$250 million at a rate of 3.0 percent. Does not have a maximum annual payment.</p> <p>Requires the authority to use the aid only for public infrastructure costs (other than transit costs). Requires prevailing wages to be paid for workers on public infrastructure projects.</p> <p>Subd. 4. Same.</p> <p>Subd. 5. Same.</p> <p>Subd. 6. Similar. Does not allow the alternative maximum match of 40 percent of the state transit aid.</p>

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Section	Article 10: Destination Medical Center	Article 9: Destination Medical Center
	<p>Subd. 7. Termination. Terminates aid payments in fiscal year 2041. General infrastructure aid payments may terminate earlier if the maximum amount of project costs, as specified by subdivision 3, have been funded by state aid.</p> <p>Subd. 8. Appropriation. Provides an open and standing general fund appropriation to pay the state aid.</p>	<p>Subd. 7. Similar. Terminates aid after Fiscal year 2046.</p> <p>Subd. 8. Same.</p>
9	<p>Sales and use taxes authorized (Rochester). Authorizes the city of Rochester to impose an additional general sales tax of up to one-half of one percent without voter approval. This would be in addition to the current one-half percent tax in Rochester.</p>	<p>Section 14. Similar. Only allows an additional rate of ¼ of one percent.</p>
10	<p>Use of revenues (Rochester sales tax). Requires that any additional revenue resulting from either (1) an extension of the duration of the existing local sales tax or (2) an increase in the local sales tax rate under section 9, be used to fund the city share of public infrastructure costs related to the DMC development plan. Also repeals the requirement for the city to share \$5 million of its existing sales tax revenues with surrounding cities. This authority is reinstated subject to city council approval in article 6, section 35.</p>	<p>Section 15. Similar. Identical on the DMC provisions but instead of repealing the requirement for the city to share \$5 million of its existing sales tax revenues with surrounding cities, it adds the following cities to the authorized list:</p> <p>Racine, Grand Meadow, Dexter, Wanamingo and Mazzeppa.</p> <p>All but Racine where added to the new section in the House Article 8, section 35.</p>
11	<p>Termination of taxes (Rochester). Authorizes the city to extend the duration of the existing one-half of one percent local sales tax as late as December 31, 2041, without voter approval. Also provides that if the sales tax rate is increased under section 9, the additional tax expires at the earlier of December 31, 2041, or when the city determines that the total revenues raised by the city for the DMC development project under this and other optional taxes is sufficient to meet the city's obligation.</p>	<p>Section 16. Similar but the termination date is extended to December 31, 2046.</p>
12	<p>Rochester Area impact development and transportation impact study. Requires the commissioner of transportation to prepare a study examining transportation needs in the region, including interaction with expansion of the Mayo Clinic. The study must include an analysis of the feasibility of high-speed rail between Rochester and the Mall of America, extending to the airport and the Union Depot in St. Paul.</p>	<p>No comparable provision.</p>
13	<p>Effective date. Upon local approval by the city of Rochester.</p>	<p>Section 18. Same.</p>

Sec.	Article 11: Mining Taxes	Article 10: Minerals Taxes
1	<p>Silica sand mining account. Establishes a silica sand mining account in the special revenue fund. A portion of the proceeds of the tax imposed by</p>	<p>No comparable provision</p>

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Sec.	Article 11: Mining Taxes	Article 10: Minerals Taxes
	section 4 is deposited in this account. The account is available, as appropriated by law, to develop model standards and to provide technical assistance to counties.	
2	Taconite payments and other reductions. Fixes the school share of the portion of the taconite production tax that is used for property tax relief under this section at 95 percent of the total property tax relief for that year, and directs the other five percentage points to the cities and townships located within that school district.	Section 1. Same
3	Definitions. Defines terms used in the taxation of silica sand mining and processing.	No comparable provision
4	<p>Tax imposed; deposit of proceeds. Imposes a tax of \$.55 per cubic yard on the mining or storage of silica sand and a separate processing tax equal to three percent of the market value of the sand (determined based on the sale price).</p> <p>For a qualified processor, defined as a person who uses means to prevent silica sand particles from becoming airborne, the processing tax rate is one percent of the market value of the sand (determined based on the sale price).</p> <p>A person is exempt from the mining tax if they transport less than ten percent of the finished product on public roadways. A credit is provided against the tax equal to the aggregate tax imposed by the county on the sand mining.</p> <p>The first \$2 million of revenues from the taxes (\$2.69 million for fiscal year 2015) annually are deposited in the special silica sand account established by section 1 and the remainder in the general fund.</p>	No comparable provision
5	Reporting and registration. Establishes registration and reporting requirements for firms that mine or process fracturing sand. Monthly reports must be filed with DOR showing the amount of sand mined or processed. In addition, records necessary to document the amount of tax (e.g., scale records, invoices and so forth) must be kept for three and one-half years after each monthly report.	No comparable provision
6	Limitations on time of taxation. Establishes a three-and-one-half-year statute of limitations for the assessment of tax (measured from the filing of the return) and payment of refunds (measured from the due date of the return). The statute of limitations does not apply to false or fraudulent returns and is extended to six and one-half years for understatements of 25 percent or more. Rules for bankruptcy and extension agreements are also established.	No comparable provision
7	<p>Civil penalties. Imposes the following penalties:</p> <ul style="list-style-type: none"> • Failure to pay: five percent for each 30-day 	No comparable provision

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Sec.	Article 11: Mining Taxes	Article 10: Minerals Taxes
	<p>period up to a maximum of 15 percent</p> <ul style="list-style-type: none"> • Failure to file: five percent • Intentional or negligent disregard: ten percent • False or fraudulent return: 50 percent • Pattern of repeated failure to file or pay: 25 percent 	
8	<p>Interest. Provides that regular statutory rate of interest on unpaid state taxes applies to unpaid taxes, assessments, erroneous refunds, judgments, and penalties. (Interest rules for payment of refunds is not specified.)</p>	<p>No comparable provision.</p>
9	<p>Occupation tax; other ores. Increases the occupation tax from 2.45 percent to 4.9 percent (from one-quarter to one-half of the corporate franchise tax rate). The occupation tax is paid in-lieu of the corporate tax for taconite and nonferrous mining.</p>	<p>No comparable provision</p>
10	<p>Occupation tax; taconite and iron ore. Increases the occupation tax from 2.45 percent to 4.9 percent (from one-quarter to one-half of the corporate franchise tax rate).</p>	<p>No comparable provision</p>
	<p>No comparable provision</p>	<p>Section 2. Occupation taxes to be apportioned. Redirects a portion of the occupation tax deposited in the general fund for an annual appropriation to the mining environmental and regulatory account in the special revenue fund an amount equal to a 5 cent tax per ton on the taconite production tax.</p>
11	<p>Taconite economic development fund (TEDF). Requires taconite companies to provide a dollar-for-dollar match to any funds received from the TEDF, beginning with distributions in 2014. Under current law, the match requirement is 50 percent, but only applies to the first 14.7 cents of the TEDF (out of 30.1 cents total). The higher match would apply to all TEDF grants.</p>	<p>Section 3 is similar with minor language differences and it takes effect for the 2013 distribution (House takes effect in 2014).</p>
12	<p>Taconite production tax rate. Increases the rate of the taconite production tax by five cents per ton, to \$2.56 per ton and resets the default rate, if the tax is held to be unconstitutional at \$2.56 per ton.</p> <p>Effective date: Production year 2013.</p>	<p>Section 4 is similar, except it does not reset the rate to be used if the escalator is held to be unconstitutional at \$2.56 per ton.</p>
13	<p>Taconite school aid. Increases the general distribution to all school districts in the taconite area by nine cents per ton, and provides for a supplemental distribution of taconite production tax proceeds to school districts based on the size of each district's referendum levy authority and its tax base.</p> <p>Effective date: 2014 distribution.</p>	<p>Section 5 is similar with technical differences in the way the referendum formula calculations are described.</p>
14	<p>Property tax relief. Reduces the distribution to the fund that pays for the taconite homestead credit by nine cents/ton (from 43.8 cents/ton to 34.8 cents/ton). This will increase the amount available</p>	<p>Section 6. Same</p>

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Sec.	Article 11: Mining Taxes	Article 10: Minerals Taxes
	to the residual distribution to the Taconite Environmental Fund and the Douglas J. Johnson Economic Fund, offsetting the increased distributions to schools under section 13. Effective date: 2014 distribution.	
15	Increased distribution to taconite homestead credit fund. Resets the escalator for the rate going to the taconite tax relief fund after the rate reduction under section 14.	No comparable provision
16	Aggregate tax. Allows any county which imposes the aggregate tax to impose up to double the current rate. These funds are to be apportioned by the statutory formula under current law.	No comparable provision
17	2013 onetime distributions. Provides for onetime distributions of \$4.7 million to the cities of Hibbing (\$2 million for a water supply improvement), Mountain Iron (\$1.7 million to move city utilities), and Tower (\$1 million for improvements to a marina). These distributions would come out of the moneys that otherwise would be distributed to the property tax relief fund. Effective date: 2013 distribution.	Section 7. 2013 distribution only. Establishes a special fund to receive 30.5 cents per ton of the taconite production tax and allocates specified amounts to local projects. Distributions are expressed in cents per ton (House expresses distributions in dollar amounts.) Distributions to Hibbing, Mountain Iron, and Tower effectively match the House bill, but additional distributions are also provided for projects in Bibwabik, Grand Rapids, Two Harbors, Ely, the Greenway Joint Recreation Board, West Range Regional Fire Hall and Training Center, Hibbing (for the Memorial Building), Chisholm, Crane Lake Water and Sanitary District, Buhl, Gilbert, Cook (two projects), and Eveleth. Effective for the 2013 distribution, all of which must be made in the August 2013 payment.
18	IRRR school bonds. Authorizes the Iron Range Resources and Rehabilitation commissioner to issue bonds to make grants to school districts in the taconite tax relief areas for capital projects. These bonds would be paid by production tax distributions equal to ten cents per ton. The bonds would qualify for the credit enhancement program that applies to bonds directly issued by school districts. Effective date: 2014 distribution.	Section 8 is similar. Section 8 provides that the proceeds provided to School District No. 2142 (St. Louis County Schools) must be used to reduce debt service on an outstanding bond issue. Also allows “an amount sufficient to pay costs of issuance” of revenue bonds.

Sec.	Article 12: Public Finance	Article 11: Public Finance
1	Authority to invest in state and local securities. Modifies the law regulating the authority to invest local government funds in municipal securities to include: <ul style="list-style-type: none"> • Revenue obligations of local governments without taxing authority, if the obligations are rated AA or better. Under current law, the issuing governmental unit must have taxing power. • Any short-term school district obligation (13 months or less) if it is either (1) rated in the highest rating category, or (2) covered by 	Same

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Sec.	Article 12: Public Finance	Article 11: Public Finance
	the state credit enhancement program.	
2	<p>Guaranteed investment contracts (GICs). Authorizes local governments to invest in short-term GICs (18 months or less), if the issuer’s or guarantor’s short-term debt is rated in the highest rating category. This will allow purchase of short-term GICs issued by companies whose long-term debt is rated below the top two rating categories.</p>	Same
3	<p>Special assessments for energy improvements. Eliminates a reference under the energy improvement financing program (EIFP), enacted by the 2010 Legislature, that the properties must be “benefited” and allows EIFP special assessments to be repaid in 20 equal annual installments.</p>	No comparable provision
4	<p>County capital notes. Modifies the definition of “capital equipment” for which county capital notes may be issued to include:</p> <ul style="list-style-type: none"> • Computer hardware and software without regard to its useful life • Development and training services bundled with computer hardware and software 	No comparable provision
5	<p>County capital improvement program (CIP) bonds. Expands the permitted facilities and expenditures that may be financed with county CIP bonds to include:</p> <ul style="list-style-type: none"> • Public works facilities • Fairgrounds buildings • Records and data storage facilities • Expenditures incurred before adoption of the plan, if the expenditures are included in the plan <p>Under present law, CIP bonds may be issued without referendum approval, but issuance is subject to a reverse referendum.</p>	Section 3 is same
6	<p>County CIP bonds; election requirement. Makes three changes in the statute related to the reverse referendum authority for county CIP bonds. The section:</p> <ul style="list-style-type: none"> • Ties the five-percent petition requirement to the number of voters in the last county general election. Current law ties this to the most recent general election, regardless of whether county officials were on the ballot. • Eliminates the requirement that the commissioner of revenue prepare the ballot question. • Prohibits the county from proposing to issue CIP bonds for a one-year period, if a reverse referendum petition is filed and the county chooses not to issue the bonds, rather than holding an election to approve them. If the issue is submitted and the voters do not approve, the issue can be resubmitted to the 	Section 4 is same

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Sec.	Article 12: Public Finance	Article 11: Public Finance
	voters after 180 days.	
7	<p>Dakota County Community Development Agency (DCCDA); housing improvement area powers. Authorizes the DCCDA to exercise housing improvement district powers. The agency would be allowed to do this by resolution, rather than ordinance, as is required for cities exercising those powers. (The DCCDA does not have authority to enact ordinances.) Housing improvement powers are used to help housing developments (e.g., town house developments) to finance rehabilitation costs more inexpensively than they can do through the private market (e.g., obtaining bank loans).</p>	<p>Section 5 is similar with minor and stylistic differences in language to House section 7, paragraphs (a) to (c). Section 5 does not authorize the Dakota County CDA to pledge the county’s general obligation to obligations issued for housing improvement areas, while the House bill does (paragraph (d)). In addition, section 5 does not authorize the Dakota County CDA to establish housing improvement areas without a special law, while the House bill does (paragraph (e)). The House bill separately permanently repeals this requirement in article 4, section 28. If this provision is adopted, the paragraph (e) is unneeded.</p>
8	<p>Home rule charter city capital notes. Makes changes to the capital note authority for home rule charter cities similar to those under section 4 for county capital notes.</p>	<p>No comparable provision</p>
9	<p>Statutory city capital notes. Makes changes to the capital note authority for statutory cities similar to those under section 4 for county capital notes.</p>	<p>No comparable provision</p>
10	<p>Municipal street improvement districts. Authorizes cities to establish a municipal street improvement district.</p> <p>Subd. 1. Definitions. Defines terms used in the section, including “improvements” and “maintenance.”</p> <p>Subd. 2. Authorization. Permits a statutory or home rule charter city to establish by ordinance street improvement districts and defray part or all of the costs of improvements and maintenance with fees charged to all parcels in the district. Prohibits more than one district per property.</p> <p>Subd. 3. Uniformity. Requires costs of street improvements and maintenance to be apportioned on all parcels or tracts of land in the district on a uniform basis within each real estate classification. The city may elect to apportion the cost based on market value, tax capacity, front footage, or area, but regardless of the method chosen, no class of property can bear more than twice the cost that it would if the method used apportioned the cost uniformly across all classes of property.</p> <p>Subd. 4. Adoption of plan. Requires a plan, adopted after notice and public hearing, that identifies the district(s) before the fee may be imposed. Fees must be imposed for a period of at least five years and no more than 20 years.</p> <p>Subd. 5. Use of fees. Requires fee revenues be put in a separate account and used only for projects in the district and</p>	<p>No comparable provision</p>

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Sec.	Article 12: Public Finance	Article 11: Public Finance
	<p>identified in the plan.</p> <p>Subd. 6. Collection; up to 20 years. Provides that fees may be collected for no more than 20 years. Permits collection of unpaid fees as a special assessment.</p> <p>Subd. 7. Improvement fee. Requires notice and a public hearing on the fee ordinance before it is voted on or adopted.</p> <p>Subd. 8. Not exclusive means of financing improvements. Prohibits imposing special assessments for projects funded with the street improvement fee, but otherwise permits the city to use any other means of financing local street improvements or maintenance within the city.</p> <p>Subd. 9. Unimproved parcels; fees. Limits imposition of a fee on properties that are unimproved or not previously occupied.</p> <p>Subd. 10. Exempt property. Provides that property qualifying for exemption from property taxes under the Minnesota Constitution cannot be subjected to assessment of costs. This exempts the following types of property from the fee:</p> <ul style="list-style-type: none"> • Public burying grounds (cemeteries) • Public school houses • Public hospitals • Academies, colleges, universities, and all seminaries of learning • All churches, church property (e.g., parsonages), and houses of worship • Institutions of purely public charity • Public property used exclusively for any public purpose (e.g., government property) 	
11	<p>Metropolitan Council; transit obligations. Increases the council’s authority to issue debt obligations to fund its capital improvement plan for transit and paratransit by \$35.8 million. Proceeds may also be used to pay issuance costs (subject to the \$35.8 million limit).</p>	<p>No comparable provision; however, an identical provision is in S.F. 1173, article 2, section 20.</p>
	<p>No comparable provision</p>	<p>Section 6. Metropolitan airports commission. Eliminates restrictions on Metropolitan Airports Commission’s investment policy to be consistent with authority for other local government in Chapter 118A.</p>
12	<p>Bond allocation; entitlement issuers. Eliminates the provision that deducts unused carryovers of entitlement issuers’ bond allocations from the next year’s allocation to that issuer. This change is retroactive to the 2012 entitlement allocation.</p>	<p>Section 7. Same</p>
13	<p>Bond allocation; OHE bonds. Eliminates the one-year limit on Office of Higher Education’s</p>	<p>Section 8. Same</p>

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Sec.	Article 12: Public Finance	Article 11: Public Finance
	carryover of its bond allocation for student loan bonds. This change is retroactive to the 2012 entitlement allocation.	
14	Bond allocation; MHFA bonds. Eliminates the one-year limit on Minnesota Housing Financing Agency’s carryover of its bond allocation for housing bonds. This change is retroactive to the 2012 entitlement allocation.	Section 9. Same
15	City CIP bonds. Authorizes use of CIP bonds for expenditures incurred before adoption of the CIP, if the expenditures are included in the plan. This parallels the similar change in section 6 for county CIP bonds.	Section 10. Same
16	City CIP bonds; election requirement. Makes changes to the city CIP reverse referendum provisions that parallel those made to the county CIP program by section 6.	Section 11. Same
17	<p>Street reconstruction bonds. Makes changes in the reverse referendum provisions governing street reconstruction bonds for questions that are subject to referendum, but that are not submitted to the voters or that are defeated to parallel the similar provisions for county and city CIP bonds in sections 6 and 16, and also provides that expenditures incurred before adoption of the capital improvement plan can be financed with the bonds, if the expenditures are included in the plan.</p> <p>This section allows street reconstruction bonds to be used for bituminous overlay projects, which under current law are not considered to be reconstructions.</p>	<p>Section 12. Same</p> <p>No comparable provision</p>
18	St. Paul capital improvement plan (CIP) bonding. Extends the St. Paul CIP bonding authority, which is set to expire at the end of 2013, through 2024. These bonds are general obligation bonds and may be issued upon a vote of five of the seven members of the city council without voter approval—this is an exception to the city’s home rule charter, which otherwise would require simple majority approval by the council and voter approval.	Section 13. Same
	No comparable provision; renovation of capitol included in House bonding bill	<p>Section 14. Capitol Renovation Restoration. Appropriates \$30,000,000 from the general fund in fiscal year 2015 for completion of repairs and renovation of the Capitol building, and for improvements to other properties located on the Capitol campus to meet temporary and permanent space needs required by the restoration of the Capitol. The program plan and cost estimates must be approved by each tenant in the Capitol before the commissioner of administration can prepare final plans and specifications for the work. Money for temporary and permanent relocation costs is not available until tenant representatives have approved a detailed relocation plan. The commissioner of administration is prohibited from installing new</p>

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Sec.	Article 12: Public Finance	Article 11: Public Finance
		windows in the Capitol building that cannot be opened by tenants of the building. The base for fiscal year 2016 only is \$173,600,000 and must be used for the same purposes as stated above.
	No comparable provision	<p>Section 15. Legislative office facilities. Authorizes the commissioner of administration to enter into a lease-purchase agreement for a term of up to 25 years for predesign, design and construction of offices and hearing rooms within the Capitol area for legislative and other functions. Provides specific authorization for the commissioner of management and budget to use revenue bonds or certificates of participation to accomplish the financing for the project. Exemptions allow the construction of a new building in the Capitol area without a design competition conducted by the Capitol area architectural and planning board and provides that the CAAP board must establish a selection committee in the place of the state designer selection board.</p> <p>Authorization is provided to commissioner of administration to execute a ground lease to facilitate a lease-purchase agreement. The Senate subcommittee on rules and administration must approve the program plan and cost estimates for any construction done under lease-purchase authority before the commissioner of administration can prepare final plans. \$3,000,000 is appropriated in fiscal year 2014 from the general fund to allow predesign work to begin during the period the lease-purchase financing is being arranged. The commissioner of administration may reserve a portion of money for office space costs of the legislature to fund repairs for facilities constructed.</p>
19	Bond allocation; carryforward of 2011 allocations. Provides carryforwards of bond allocations of entitlement issuers from 2011 are not to be deducted from the entitlement issuers' allocations in 2013.	Section 16. Same
	No comparable provision	Section 17. Local match; Independent School District No. 435. Allows Independent School District No. 435, Wauben-Omega-White Earth to expand classroom space at its Omega elementary site using a grant that was awarded to the district by the Department of Human Services on August 12, 2012. Notwithstanding match requirements, the district may use a lease-purchase agreement held by the district. Effective the day following final enactment.

Sec.	Article 13: Miscellaneous Provisions	
1	County wheelage tax. Broadens the authority for counties to impose an annual wheelage tax on motor vehicles to:	S.F. 1137, Article 2, section 1 (in Tax Committee)

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Sec.	Article 13: Miscellaneous Provisions	
	<ul style="list-style-type: none"> ▶ Authorize all counties to impose wheelage taxes (present law authority is restricted to the seven-county Twin Cities metropolitan area); ▶ Set the tax rate at \$10 per vehicle per year (increased from \$5) to be imposed until January 1, 2018, after which a tax of up \$20 can be imposed. <p>Changes the timing of state distribution of wheelage tax revenues to the counties from an annual to a monthly payment.</p>	<p>Same</p> <p>\$10 per year through 2016, and \$20 per year beginning in 2017.</p> <p>Same.</p>
2	E911 fee; collection. Provides an exception to the requirement that all telecommunications carriers collect the Telephone Access Minnesota (TAM) fee under this subdivision.	Article 4, section 1. Same
3	E911 fee; prepaid wireless telecommunications service. Specifies that the regular TAM fee does not apply to prepaid wireless communications service, which is subject instead to the fee established in section 15, subdivision 1, paragraph (b).	Article 4, section 2. Same
4	E911 fee; Minnesota tax laws. Adds fees established in section 403 (i.e., the E911 fee) to the definition of “Minnesota tax laws.”	Article 4, section 3. Same
5	E911 fee; Department of Public Safety. Allows the commissioner of revenue to disclose return information to the Department of Public Safety as necessary to administer the collection of E911 and TAM fees from prepaid wireless customers.	Article 4, section 4. Same
6	<p>Timely filed. Provides that, when filed by mail delivery, an appeal is timely filed if the official postmark stamped on the envelope by the United States Postal Service is within the time allowed for an appeal, even if the envelope is physically delivered by mail on a date that is not within the time allowed for the appeal. Other more technical requirements, including that the envelope be properly addressed, are also included. Applies to appeals filed in the state’s tax court for review of decisions of the commissioner of revenue related to taxes, fees, or other assessments.</p> <p>This allowance applies only to postmarks made by the United States Postal Service or its designated delivery service. A mark made by a private postage meter would not qualify for consideration of timely filing under the standards provided in this section.</p>	<p>S.F. No. 28 (passed the full Senate). Same.</p> <p>H.F. 19 (passed the full Senate and House). Same.</p>
7	Determination of revenues increase. Requires the commissioner of management and budget to estimate the additional revenue raised from the taxes imposed in article 5, section 2 (sports memorabilia tax) and article 8, section 1 (tax on suites and box seats), to determine whether the backup revenues to fund the Vikings stadium are triggered.	No comparable provision

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Sec.	Article 13: Miscellaneous Provisions	
8	Prepaid wireless telecommunications services; definition. Provides a definition of prepaid wireless telecommunications services in chapter 403 for use in administering the E911 fee.	Article 4, section 34. Same
9	Wireless telecommunications service; definition. Provides a definition of wireless telecommunications service in chapter 403 for use in administering the E911 fee.	Article 4, section 35. Same
10	Wireless telecommunications service provider; definition. Changes the existing definition of wireless telecommunications service provider to reference the new definition of wireless telecommunication service in section 9.	Article 4, section 36. Same
11	Biennial budget; annual financial report. Requires inclusion of 911 revenue and expenditure forecasts and projections, including separate data for prepaid wireless revenues, and projections of year-end fund balances in the Department of Public Safety's annual budget report to the legislature.	Article 4, section 37, is different; it only requires a separate accounting of E911 fees from pre-paid customers.
12	Emergency telecommunications service fee; account. Exempts prepaid wireless customers from the current 911 fee and subjects them to the fee established in section 15.	Article 4, section 38. Same
13	Report. Requires semiannual reports from telecommunications providers to the commissioner of public safety on the number of prepaid and total wireless subscribers sourced to Minnesota. Specifies that this is trade secret data.	Article 4, section 39. Same
14	Definitions; prepaid wireless fee. Provides definitions for use in administering the E911 prepaid wireless fee.	Article 4, section 40. Same
15	<p>Prepaid wireless fees imposed; collection; remittance.</p> <p>Subd. 1. Fees imposed. Imposes an E911 and TAM fee on prepaid wireless service at the current monthly rate.</p> <p>Subd. 2. Exemption. Exempts from the fees in subdivision 1 a minimal amount of prepaid wireless telecommunications service (ten minutes or \$5 or less) sold with a prepaid wireless device that is charged a single nonitemized price.</p> <p>Subd. 3. Fee collected. Specifies that these fees must be collected at the point of retail sale, combined into one amount, and separately reported on a receipt.</p> <p>Subd. 4. Sales and use tax treatment. Specifies that the sales tax statutes be used to determine whether retail transactions of prepaid wireless service occur in Minnesota.</p> <p>Subd. 5. Remittance. Specifies that the</p>	Article 4, section 41. Similar (only difference is a cross reference).

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Sec.	Article 13: Miscellaneous Provisions	
	<p>seller is liable to remit these fees as provided in section 16.</p> <p>Subd. 6. Exclusion for calculating other charges. Excludes the fees from being included in the base for measuring any other tax or charge imposed by the state or a local government.</p> <p>Subd. 7. Fee changes. Specifies that these fees for prepaid wireless service must be increased or reduced proportionately to fluctuations in the same fees that apply to other customers. Specifies the effective date of fee changes and notice requirements.</p>	
16	<p>Administration of prepaid wireless 911 fees.</p> <p>Subd. 1. Remittance. Specifies that the fees must be collected by sellers and remitted to the commissioner of revenue in the same general manner as sales taxes.</p> <p>Subd. 2. Seller’s fee retention. Authorizes a seller to deduct and retain three percent of these fees.</p> <p>Subd. 3. Department of Revenue provisions. Specifies that the audit, collection, appeal, and other procedures of chapter 297A apply to these fees.</p> <p>Subd. 4. Procedures for resale transactions. Authorizes the commissioner of revenue to establish procedures by which a seller may document that a sale is not a retail transaction that substantially coincide with existing provisions in chapter 297A.</p> <p>Subd. 5. Fees deposited. Requires the commissioner of revenue to deposit each fee in its corresponding account within 30 days of receipt. The department may retain and deduct up to two percent of the collected fees for administration costs.</p>	<p>Article 4, section 42 is similar; House bill contains a more comprehensive reference to DOR administrative and procedural statutes.</p>
17	<p>Liability protection for sellers and providers. Exempts providers and sellers of prepaid wireless telecommunications service from liability for damages resulting from providing lawful assistance in good faith to a state, federal, or local law enforcement officer.</p>	<p>Article 4, section 43. Same</p>
18	<p>Exclusivity of prepaid wireless E911 fee. Prohibits any tax, fee, or surcharge being imposed on prepaid wireless telecommunications service for E911 purposes.</p>	<p>Article 4, section 44. Same</p>
19	<p>Political contribution refund. Extends the suspension of the political contribution refund for four years for campaign contributions made from July 1, 2013, through June 30, 2017.</p> <p>Laws 2010, First Special Session, chapter 1,</p>	<p>No comparable provision</p>

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Sec.	Article 13: Miscellaneous Provisions	
	suspended the political contribution refund program for campaign contributions made from July 1, 2009, to June 30, 2011, and Laws 2011, First Special Session, chapter 7, extended the suspension through June 30, 2013.	
20	Report; recommendations. Requires the commissioner of public safety to submit a report to the legislature by March 1, 2015, assessing the revenue collected from these fees and recommending any adjustment necessary to fund legislative appropriations for wireless E911 expenditures or to maintain fairness with respect to the amount of fees paid by customers.	No comparable provision
21	<p>Purpose statements for tax expenditures. Provides purpose statements for various tax expenditures added by the bill as follows:</p> <ul style="list-style-type: none"> • Federal conformity – to simplify compliance and administration of the individual income tax • Employer credit for hiring veterans – to hire unemployed and disabled veterans • Income tax subtraction for federal railroad track maintenance credit – to increase maintenance and upgrading of railroad track in Minnesota • Sales tax exemption for coin-operated devices – to reduce tax pyramiding • Motor vehicle rental tax exemption for car sharing – to provide similar treatment for car ownership and car sharing • Expansion of sales tax exemption of durable medical products to Medicare and Medicaid purchases – to simplify sales tax administration and provide relief for sellers unable to collect tax under Medicare and Medicaid • Sales tax exemption for public safety radio communications systems – to provide equal treatment to local governments on public safety radio purchases • Sales tax exemption for established religious orders – to maintain an existing exemption that is jeopardized due to a St. John’s University governance change • Sales tax exemption for nursing homes and boarding care homes – to maintain an existing exemption potentially eliminated due to a property tax court case • Various sales tax exemptions for construction materials – to increase jobs and reduce tax pyramiding 	No comparable provision

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Sec.	Article 13: Miscellaneous Provisions	
	<ul style="list-style-type: none"> Sales tax exemption for public infrastructure related to destination medical center – to reduce city costs for projects <p>Background. Minnesota Statutes, section 3.192, requires bills that create new tax expenditures or renew existing tax expenditures to provide a purpose for the tax expenditure and a standard or goal for use in measuring its effectiveness.</p>	

Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
1	County fairgrounds improvement expenditures. Converts from taxable to estimated market value the qualifying criterion (a minimum of \$105 million of market value) that permits a city, town, or school district to spend up to \$10,000 per year on county fairgrounds improvements.	Same
2	County agriculture and conservation land assistance program; required levy. Converts the minimum levy required for a county to participate in the state agricultural land preservation and conservation assistance program from a percentage of taxable market value to estimated market value. This levy is capped at \$15,000.	Same
3	State police and fire aid; definitions. Modifies the definitions for state police and fire aid to refer to estimated market value, rather than market value. Market value is used to allocate the amount of fire aid among recipient jurisdictions. The definition includes tax exempt market value.	Same
4	Apportionment of state fire aid. Provides for apportionment of state fire aid among recipient jurisdictions (cities, towns, and various other governmental units) based on estimated market value, rather than market value.	Same
5	State fire aid. Changes a reference in state fire aid from market value to estimated market value.	Same
6	Auxiliary forest. Deems the market value of land in an auxiliary forest for all purposes other than taxation to be based on estimated, rather than taxable, market value.	Same
7	Watershed management tax district; levy limit. Converts the watershed management tax district levy limit in rural towns from a limit based on 0.02418 percent of taxable market value to the same percentage of estimated market value.	Same
8	Watershed management organizations; bond levy. Converts the levy limit on watershed management organization bond levies in rural towns from a limit based on 0.02418 percent of taxable market value to estimated market value.	Same
9	Lake Minnetonka Conservation District, total	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	<p>funding limitation. Converts the total funding limit that applies to the Lake Minnetonka Conservation District from 0.00242 percent of taxable market value to estimated market value. This limit may be exceeded by resolution of three-fourths of the participating municipalities.</p>	
10	<p>White Bear Lake Conservation District; municipal levy limits. Converts the levy limit for municipalities to fund the White Bear Lake Conservation District from 0.02418 percent of taxable market value to estimated market value. This affects the cities of White Bear Lake, Dellwood, and Mahtomedi, and the town of White Bear.</p>	Same
11	<p>Watershed districts; organizational expense fund. Converts the cap on a watershed district’s organizational expense fund, which is funded by a property tax levy, from a limit based on 0.01596 percent of taxable market value to estimated market value. This fund is capped at \$60,000.</p>	Same
12	<p>Watershed districts; general fund and basic features levy limits. Converts the limit on a watershed district’s general levy limit from one equal to 0.048 percent of taxable market value to estimated market value. This levy cannot exceed \$250,000. An additional 15-year levy for basic water management features, if petitioned for by 50 or more resident owners, is also converted from taxable market value to estimated market value.</p>	Same
13	<p>Watershed districts; survey and data acquisition levy. Converts the limit on a watershed district’s survey and data acquisition levy limit from 0.02418 percent of taxable market value to estimated market value. This levy may only be imposed once every five years.</p>	Same
14	<p>Eminent domain blight test. Modifies the definition of “structurally substandard” under the blight test in the eminent domain law to refer to estimated market value, rather than taxable market value. This test limits certain uses of the eminent domain power to properties where the cost of curing housing and similar types of code violations exceeds 50 percent of the value of the property. Under the changes, this would be measured against estimated, rather than taxable, market value.</p>	Same
15	<p>Computation of adjusted net tax capacity or ANTC. Requires the Department of Revenue (DOR) to compute ANTC values for cities and counties. ANTCs are used in various state aid formulas that are based on “equalized” tax base amounts (i.e., adjusted for the variations in assessment practices using assessment sales ratios). The statute now refers only to the computations for school districts. Changes in the section also clarify that these computations use values that reflect fiscal disparities, tax increment financing, and the power</p>	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	line credit. All of these changes codify the current DOR practice. Section 111 directs the Revisor to recodify this statute in the property tax statutes.	
16	County historical society levy. Converts the city and town levy limit for county historical societies from 0.02418 percent of taxable market value to estimated market value.	Same
17	EMS district levy limit. Converts the emergency medical service (EMS) taxing district levy limit from 0.048 percent of taxable market value to estimated market value. This levy is capped at \$400,000.	Same
18	CSAH formula; rural counties. Converts the levy calculation in the county state aid highway (CSAH) formula for rural counties from 0.01596 percent of taxable market value to estimated market value. This levy determines the expected local contribution under the formula.	Same
19	CSAH formula; urban counties. Converts the levy calculation in the CSAH formula for urban counties from 0.00967 percent of taxable market value to estimated market value. This levy determines the required local contribution under the formula.	Same
20	Mandated expenditure of CSAH money; exemption. Modifies the exemption from a mandate on counties to spend CSAH money on bridge and dam improvements in statutory, third, and fourth class cities. Under present law, this requirement does not apply to cities with taxable market value of more than \$2,100 per capita. This measure is converted to an estimated market value base.	Same
21	County road and bridge levy in unorganized townships. Modifies qualifying rules related to expenditure of the county road and bridge levy in unorganized towns from valuation based on taxable market value to estimated market value. This provision applies only to counties with unorganized townships and between 95 and 105 full or fractional townships and values between \$12 million and \$21 million. An obsolete reference to base for the property tax on “money and credits” is repealed; this tax was eliminated in the 1930s. In addition, a reference to “unorganized township” is replaced with “unorganized territory.”	Similar, except Senate does not strike reference to “unorganized township” and replace with “unorganized territory”
22	County road and bridge bond limit. Converts the limit on county road and bridge bonds from 0.12089 of taxable market value to estimated market value and repeals a reference to the obsolete property tax on money and credits.	Same
23	Estimated market value; definition. Defines “estimated market value” for purposes of the property tax statutes as the assessor’s determination	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	<p>of market value, including any board orders, for the parcel of property. The definition of estimated market <i>for a taxing district</i> in section 25 governs the computation of tax levy limits, debt limits, and state aid computations. This section contains the general definition of a <i>parcel's</i> estimated market value.</p>	
<p>24</p>	<p>Taxable market value; definition. Defines “taxable market value” for purposes of the property tax statutes as the estimated market value of the parcel reduced by:</p> <ul style="list-style-type: none"> • Market value exclusions • Deferments of value (e.g., green acres, rural preserves, open space, metropolitan agricultural preserves and so forth) <p>Other adjustments that reduce market value before class rates are applied.</p>	<p>Same</p>
<p>25</p>	<p>Market value definition; computation of levy limits, debt limits, and state aid. Converts from taxable market value to estimated market value the definition of “market value” in the statute that provides the general rules for computing tax levy limits, debt limits, and state aid computations based on market value. Under current law, taxable market value is computed after (1) limited market value (which has expired and is obsolete) and (2) the “This Old House” valuation exclusion, but includes tax-exempt wind energy values. In addition, it provides that market value does not reflect adjustments for TIF, fiscal disparities, and the power line credit. In applying the statute, DOR has excluded a variety of minor valuation exclusions that are not referenced in the statute. This section now specifically references the minor exclusions, while providing that estimated market value is the value before these adjustments.</p> <p>By converting the limits to estimated market value, the definition will not reflect the reductions or shifts in value caused by the following:</p> <ul style="list-style-type: none"> • The various deferrals, such as green acres, open space, rural preserves and so forth—this is a policy change from current practice and will increase limits somewhat in areas with these properties. • Exclusions, including the homestead market value exclusion enacted by the 2011 legislature, as well as the more minor exclusions in prior law—this reflects either a change in the way the statute is written or DOR practice, but under prior law (before enactment of the homestead market value exclusion) these amounts were very minor. • Adjustments to tax capacity, such as fiscal disparities and TIF—this is the same as current practice. 	<p>Same</p>

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	<p>Present law requires that tax-exempt wind energy property be added to taxable market value. The section reverses that, confirming apparent local administrative practices in the counties with the largest amounts of this property.</p> <p>The measure of estimated market value for tax limits is the amount for the previous assessment year, while for debt limits it is the most recently available amount.</p> <p>Limits under special law and city charters that are based on market value are also converted to estimated market value.</p>	
26	Cross reference. Corrects a cross reference to a subdivision (relating to the value of platted land) that was recodified as two subdivisions in 2008.	Same
27	Manufactured home park cooperative. Eliminates a reference to the repealed market value homestead credit with a reference to the market value homestead exclusion.	Same
28	Homestead application. Replaces a reference to the repealed market value credit with a reference to the market value exclusion.	Same
29	Tax definition. Eliminates an obsolete reference to gross tax capacity.	Same
30	Disparity reduction aid (DRA). Requires taxable market values to be used in the computation of DRA, since DRA computations are based on net tax capacity, which is always based on taxable market value.	Same
31	Disparity reduction credit (DRC). Confirms that the DRC will continue to be computed using taxable market value. This prevents the definitional change in section 25 from modifying the computation of the DRC.	Same
32	Levy limits based on mill rates; growth factor. Provides that the law converting old special law and city charter provisions containing levy or mill rate limits will provide increases based on the rate of growth in estimated market value, rather than taxable market value.	Same
33	Correction of town levies. Modifies the thresholds used to determine which year's levy a correction of mistakes in town levies will be added to from a percentage of taxable market value to estimated market value.	Same
34	Obsolete levy limit law. Converts the growth factor under the old (last effective for the 2010 levy) levy limit law for commercial-industrial property from taxable to estimated market value.	Same
35	Contents of tax statement. Updates a cross reference in the statute specifying the contents of	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	the property tax statement to the new definition of taxable market value contained in section 24 and eliminates an obsolete reference to limited market value.	
36	Iron Range fiscal disparities; adjusted market value. Defines “adjusted market value” for the purposes of the Iron Range fiscal disparities law to be taxable market value, adjusted by the sales ratio. This change confirms existing practice, which is contrary to the statute’s use of estimated market value.	Same
37	Iron Range fiscal disparities; fiscal capacity. Clarifies that fiscal capacity under the Iron Range fiscal disparities law is based on adjusted market value.	Same
38	Iron Range fiscal disparities; average fiscal capacity. Clarifies that average fiscal capacity under the Iron Range fiscal disparities law is based on adjusted market value.	Same
39	Iron Range fiscal disparities; net tax capacity. Clarifies that net tax capacity under the Iron Range fiscal disparities law is based on taxable market value.	Same
40	Iron Range fiscal disparities; adjustment of values. Eliminates the mandate that limits on levies, aid, taxes, debt, or salary based on values be adjusted to reflect the effect of the Iron Range fiscal disparities law. (Most of these limits will be based on estimated market value, which does not reflect the effects of fiscal disparities.) The section also clarifies computation of fiscal capacity (used to compute distributions) to be consistent with administrative practices.	Same
41	Allocation of multicounty mortgage registry tax collections. Provides that the county portion of collections of mortgage registry tax paid for mortgages on properties in multiple counties is allocated among the counties using the estimated, rather than taxable, market value of the properties.	Same
42	Allocation of multicounty deed tax collections. Provides that the county portion of collections of deed tax paid for properties in multiple counties is allocated among the counties using the estimated, rather than taxable, market value of the properties.	Same
43	Employer contributions to volunteer firefighters’ pensions. Provides that one-half of additional contributions to a volunteer firefighters’ pension fund, required as a result of insufficient fund assets, to be allocated to employer-municipalities in proportion to their estimated, rather than taxable, market values.	Same
44	Major town purchases. Converts the threshold that subjects large contracts for town purchases to reverse referendum authority from 0.24177 percent	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	of taxable market value to estimated market value.	
45	Town certificates of indebtedness. Converts the threshold that subjects town issuance of certificates of indebtedness to reverse referendum authority from 0.25 percent of taxable market value to estimated market value.	Same
46	Town firefighter relief levy limit. Converts the levy limit for firefighter pension benefits, applicable to towns with populations of 1,200 or more, from 0.00806 percent of taxable market value to estimated market value.	Same
47	Metropolitan area towns; certificates of indebtedness. Converts the threshold that subjects metro area town issuance of certificates of indebtedness to reverse referendum authority from 0.24177 percent of taxable market value to estimated market value.	Same
48	Dissolution of towns. Converts the criteria for dissolution of a town, which is triggered by the town's total taxable market value dropping below \$165,000, to estimated market value.	Same
49	County boundary changes. Converts the criteria allowing changes in county boundaries to estimated, rather than taxable, market value.	Same
50	County CIP bonds. Eliminates the definition of "tax capacity" in the county capital improvement plan (CIP) bond law. This definition is obsolete, since the CIP debt limit is based on market value, rather than tax capacity.	Same
51	County CIP bond debt limit. Converts the limit on county CIP bonds from 0.12 percent of taxable market value to estimated market value.	Same
52	Limit on county spending for nonprofit legal assistance. Modifies the limit on the amount a county may spend to fund a nonprofit legal assistance corporation from 0.00604 percent of taxable market value to estimated market value.	Same
53	County courthouse bonds. Converts the debt limit for county courthouse bonds that may be issued without an election from 0.0403 percent of taxable market value to estimated market value.	Same
54	County emergency jobs program. Modifies the limit on the county levy for an emergency jobs program from 0.01209 percent of taxable market value estimated market value.	Same
55	Hennepin County; building fund. Converts the Hennepin County reserve and building maintenance levy limit from 0.02215 percent of taxable market value to estimated market value.	Same
56	Hennepin County Library levy limit. Converts the Hennepin County Library levy limit from	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	0.01612 percent of taxable market value to estimated market value.	
57	Three Rivers Park District levy limit. Converts the levy limit for the Three Rivers Park District from 0.03224 percent of taxable market value to estimated market value.	Same
58	Anoka County Library debt limit. Converts the debt limit (expressed relative to the maximum annual payment of principal and interest) on Anoka County Library bonds from 0.01 percent of taxable market value to estimated market value.	Same
59	Anoka County Library levy limit. Converts the Anoka County Library levy limit from 0.01 percent of taxable market value to estimated market value.	Same
60	County interfund borrowing. Converts the minimum size threshold for a county to engage in interfund borrowing from \$1.033 billion of taxable market value to estimated market value.	Same
61	Continuance of nonconforming land uses. Modifies the exception to the authority to continue nonconforming land uses if more than 50 percent of the market value of the building or structure is destroyed by fire or natural disaster so that the test is based on estimated, rather than taxable, market value.	Same
62	Regional rail authority levy limit. Converts the regional rail authority levy limit from 0.04835 percent of taxable market value to estimated market value.	Same
63	Community corrections facilities; rent limit. Converts the rent limit in the law permitting lease-revenue bond financing of community corrections facilities from 0.1 percent of taxable market value to the same percentage of estimated market value.	Same
64	Capital notes; home rule charter cities. Converts the debt limit that applies to capital notes issued without an election by a home rule charter city from 0.03 percent of taxable market value to estimated market value.	Same
65	Certain contracts; statutory cities. Converts the threshold that subjects conditional sale contracts and contracts for deed purchases by statutory cities to reverse referendum authority from 0.24177 percent of taxable market value to the same percentage of estimated market value.	Same
66	Certificates of indebtedness; statutory cities. Converts the threshold that subjects statutory cities' issuance of certificates of indebtedness to reverse referendum authority from 0.25 percent of taxable market value to estimated market value.	Same
67	Special service districts; property subject to charges. Modifies the test to determine whether a	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	split-use property in a special service district is subject in full or proportionately to the charges or levies from 50 percent of taxable market value to the same percentage of estimated market value. (Properties with more than 50 percent of their value derived from the commercial-industrial uses are subject to the charges on their full value, while properties with lower percentages are only subject to the charges on the C/I portion of the value.)	
68	Pedestrian mall improvements; levy limit. Converts the levy limit for special city tax for pedestrian mall improvements from 0.12089 percent of taxable market value to the same percentage of estimated market value.	Same
69	First-class city hospital levy. Converts the authorized levy for operation of a first-class city-owned hospital from 0.0806 percent of taxable market value to estimated market value.	Same
70	Campground levy. Converts the authorized levy for operation and maintenance of a city or town tourist camping grounds from 0.0806 percent of taxable market value to estimated market value.	Same
71	Hennepin County park museum levy. Converts the Hennepin County park museum levy (used for the Minneapolis Museum Institute of Arts) from 0.00846 percent of taxable market value to estimated market value.	Same
72	St. Cloud Transit Commission levy. Converts the limits on the St. Cloud Transit Commission property tax levy from 0.12089 percent of taxable market value to estimated market value.	Same
73	Duluth Transit Commission levy. Converts the limits on the Duluth Transit Commission property tax levy from 0.07253 percent of taxable market value to estimated market value.	Same
74	Cities; acceptance of conditional gifts. Converts the qualifying rule for second-, third-, and fourth-class cities to accept gifts with conditions (such as life annuity gifts with interest not to exceed five percent) from \$41 million of taxable market value to estimated market value.	Same
75	HRA levy limit. Converts the levy limit for housing and redevelopment authorities (HRAs) from 0.0185 percent of taxable market value to estimated market value.	Same
76	HRA debt limit. Converts limit on the issuance of general obligation HRA bonds from 0.5 percent of taxable market value to estimated market value.	Same
77	Port authority, mandatory city levy. Converts the levy limit for the mandatory port authority levy (i.e., the levy the city must levy on behalf of the port authority) from 0.01813 percent of taxable market value to estimated market value.	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
78	Seaway Port Authority levy. Converts the maximum basic levy of the Seaway Port Authority (which levies as a special tax district, rather than requiring the city to levy its tax as other port authorities do) from 0.01813 percent of taxable market value to estimated market value.	Same
79	Port authority; discretionary city levy. Converts the limit for the discretionary port authority levy (i.e., the levy the city may levy on behalf of the port authority) from 0.00282 percent of taxable market value to estimated market value.	Same
80	EDA levy. Converts the economic development authority city levy from 0.01813 percent of taxable market value to estimated market value.	Same
81	Multicounty economic development levy. Converts the levy for county contributions to a multicounty, nonprofit economic development corporation from 0.0008 percent of taxable market value to estimated market value.	Same
82	First-class city publicity levy. Converts the authorized first-class city publicity levy from 0.0008 percent of taxable market value to estimated market value.	Same
83	Hazardous property penalty. Converts the limit on the penalty a city may assess on hazardous properties from one percent of taxable market value to estimated market value.	Same
84	Joint maintenance of cemeteries. Modifies the law allowing contiguous towns and statutory cities to agree to jointly maintain public cemeteries, if each has a minimum market value of \$2 million. The minimum market value requirement would be based on estimated, rather than taxable, market value. This law limits the maximum expenditure by each governmental unit to no more than \$10,000 per year.	Same
85	City improvement fund; taconite cities. Modifies the minimum requirement (\$2.5 million) of taconite and iron ore value that permits a city to establish a permanent improvement fund to being based on estimated, rather than taxable, market value.	Same
86	Taconite cities improvement fund levy limit. Converts calculation of the levy limits for the permanent improvement fund for taconite cities from 0.08059 percent of taxable market value to estimated market value.	Same
87	Acceptance of 1943 law applying to cities with high concentrations of iron ore value. Modifies references in the acceptance section of an old law, regulating financial practices, which applied to cities with more than one-half of their value in unmined iron ore value, to refer to estimated market value. Note: this law is likely obsolete, since no	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	city has sufficient iron ore value to qualify.	
88	Metropolitan Council debt limit. Converts the Metropolitan Council's debt limit from 0.01209 percent of taxable market value to estimated market value.	Same
89	School district debt limits; adjustment for detached airport property. Converts the statute that adjusts school district debt limits for districts affected by airport detachments (this affects both the MSP and Holman Field airports) from taxable market value to estimated market value. In addition, the language of the statute is updated to reflect that these detachments have already occurred. (The statutory language is written to apply to future detachments.)	Same
90	Metropolitan Airports Commission (MAC); levy limit for general budget purposes. Converts the MAC's levy limit for general budget purposes from 0.00806 percent of taxable market value to estimated market value. MAC has not levied property taxes for any purpose in over 40 years.	Same
91	MAC general obligation bonding; additional levy limit. Converts the MAC additional levy limit (beyond what is necessary to pay its general obligation revenue bonds) from 0.00121 percent of taxable value to estimated market value.	Same
92	MAC general levy limit. Converts the MAC's levy limit from 0.00806 percent of taxable market value to estimated market value.	Same
93	Metropolitan Mosquito Control Commission (MMCC); levy limit. Converts the rate of growth in the MMCC's levy limit from the growth in its taxable market value to the growth in estimated market value.	Same
94	Metro area fiscal disparities; adjusted market value. Defines "adjusted market value" for the purposes of the metropolitan area fiscal disparities law to be taxable market value, adjusted by the assessment sales ratio. This change confirms existing practice, which is contrary to the statute's use of estimated market value.	Same
95	Metro area fiscal disparities; fiscal capacity. Clarifies that fiscal capacity under the metropolitan area fiscal disparities law is based on adjusted market value.	Same
96	Metro area fiscal disparities; average fiscal capacity. Clarifies that average fiscal capacity under the metropolitan area fiscal disparities law is based on adjusted market value.	Same
97	Metro area fiscal disparities; net tax capacity. Clarifies that net tax capacity under the metropolitan area fiscal disparities law is based on	Same

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	taxable market value.	
98	Metro area fiscal disparities; adjustment of values. Eliminates the mandate that limits on levies, aid, taxes, debt, or salary based on values be adjusted to reflect the effect of the fiscal disparities law. (Most of these limits will be based on estimated market value, which does not reflect the effects of fiscal disparities.) The section also clarifies computation of fiscal capacity (used to compute distributions) to be consistent with administrative practices.	Same
99	City CIP bonds. Converts the limit that applies under the city capital improvement program (CIP) bond law from 0.16 percent of taxable market value to estimated market value. CIP bonds may be issued without an election, but are subject to a reverse referendum requirement.	Same
100	General net debt limit. Converts the general net debt limit (applies to municipalities other than school districts and first-class cities) from three percent of taxable market value to estimated market value.	Same
101	Net debt limit; first-class cities. Converts the net debt limit that applies to first-class cities from percentages of taxable market value to estimated market value.	Same
102	Net debt limit; school districts. Converts the net debt limit that applies to school districts from 15 percent of taxable market value to estimated market value and clarifies the values may be adjusted by the assessor's sales ratio, if that results in a higher limit.	Same
103	Refunding bonds; referendum exemption. Converts the debt threshold that allows a city, county, town, or school to issue refunding bonds without holding an election from 1.62 percent of taxable market value to estimated market value.	Same
104	Bonds qualifying for State Board of Investment (SBI) purchase. Converts the maximum limit on Minnesota municipal bond purchases by SBI from 3.63 percent of the taxable market value of the issuer to estimated market value.	Same
105	Local government aid (LGA); ANTC. Updates the reference to city net tax capacity in the LGA statute to the recodified section (under the Revisor's instruction in section 111) that provides for calculation of ANTCs.	Same
106	Commercial-industrial percentage. Requires the commercial-industrial percentage factor in the LGA formula to be based on the estimated market value of commercial-industrial property relative to the city's total estimated market value. [Note: this section is repealed in Art. 3, sec. 20.]	No provision since this statutory section is repealed in Art. 1, sec. 27.

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions	
107	County program aid; ANTC. Updates the reference to county net tax capacity in the county program aid statute to the recodified section (under the Revisor’s instruction in section 111) that provides for calculation of ANTCs.	Sec. 106 Same	
108	County jail bonds; referendum exemption. Converts the annual tax levy permitted to pay county jail bonds issued without an election from 0.09671 percent of taxable market value to estimated market value.	Sec. 107 Same	
109	County jail leases; rent limit. Converts the rent limit in the law permitting lease-revenue bond financing of county jails from 0.1 percent of taxable market value to estimated market value.	Sec. 108 Same	
110	Definition of estimated market value. Adds a definition of “estimated market value” to the general definition section of the statutes (section 645.44). This definition points to (cross references) section 25’s definition and applies for purposes of levy, tax, spending, and debt limits and calculation of aid payments.	Sec. 109 Same	
111	Revisor’s instruction. Directs the Revisor of Statutes to recodify the statute governing calculation of ANTCs in the property tax statutes (chapter 273). This law is now codified in the school finance law, but largely relates to computation of aids paid to cities and counties and is the primary responsibility of the commissioner of revenue.	Sec. 110 Same	
112	Repealer. Repeals the following statutes:	Sec. 111 Same	
	Section		Description
	276A.01, subd. 11		Iron Range fiscal disparities law, definition of “valuation”; this is replaced by the definition of “adjusted market value” as redefined in section 36.
	473F.02, subd. 13		Metropolitan area fiscal disparities law, definition of “valuation”; this is replaced by the definition of “adjusted market value” as redefined in section 95.
	477A.011, subd. 21	Definition of “equalized market value” in the local government aid statute; this is replaced by the use of adjusted net tax capacity, the measure that is actually used in the formula.	
113	Effective date. Provides the changes affecting the computation of debt limits are effective the day	Sec. 112 Same	

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Sec.	Article 14: Market Value Definitions	Article 12: Market Value Definitions
	following final enactment, while changes that affect levy and tax limitations or aid computations are effective for taxes payable in 2014.	

Sec.	Article 15: Department Income, Franchise and Estate Taxes	Article 13: Department Policy and Technical: Income and Franchise Taxes; Estate Taxes
1	Recapture tax – return required. Moves the return filing requirement for the recapture tax from the estate tax chapter to chapter 289A, the chapter of the statutes that provides general tax and administrative provisions. The recapture tax applies when a qualifying heir of a family business or farm fails to satisfy the three-year qualifying use requirement, (Sections 3 to 6 similarly relocate existing provisions in chapter 291 to chapter 289A or place new administrative provisions related to the recapture tax in chapter 289A.)	Section 1. Same.
2	Municipal bond interest reporting; regulated investment companies. Requires regulated investment companies to report payment of municipal bond interest and dividends without regard to whether the company is required to register under chapter 80A, the Minnesota Securities Act.	Section 2. Same.
3	Recapture tax – informational return required. Requires qualified heirs to file two informational returns during the three-year period after a decedent’s death if the decedent excluded from the taxable estate qualified small business or qualified farm property. These returns are due 24 months and 36 months after the decedent’s death.	Section 3. Same.
4	Recapture tax – return due date. Specifies that the due date for the recapture tax return is six months after a disqualifying cessation of the trade or business or a disqualifying disposition of the property that was excluded from the taxable estate.	Section 4. Same.
5	Regular estate tax – payment due date. Clarifies that the estate tax payment due date relates only to the regular estate tax (as distinguished from the recapture tax, which is covered by section 6).	Section 5. Same.
6	Recapture tax – payment due date. Provides that the recapture tax payment is due on or before six months after a disqualifying cessation of the trade or business or a disqualifying disposition of the property that was excluded from the taxable estate.	Section 5. Same.
7	Estimated tax payments; short taxable year. Along with sections 8, 9, and 10 clarifies that estimated tax provisions apply to both C corporations that pay corporate franchise tax and exempt entities that pay unrelated business income tax. Under present law, estimated tax payment requirements for businesses with short taxable years reference “entity” but not “corporation.” Effective	Section 7. Same.

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Sec.	Article 15: Department Income, Franchise and Estate Taxes	Article 13: Department Policy and Technical: Income and Franchise Taxes; Estate Taxes
	the day following final enactment.	
8	Underpayment of estimated tax. Clarifies that interest on underpayments of estimated tax is added to the tax due for both C corporations that pay corporate franchise tax and exempt entities that pay unrelated business income tax. Under present law, the interest on underpayments provision references “corporation” but not “entity.” Effective the day following final enactment.	Section 8. Same.
9	Required installments; estimated tax. Clarifies that the statute outlining the calculation of required installments of estimated tax applies to both C corporations that pay corporate franchise tax and exempt entities that pay unrelated business income tax. Present law references “entity” but not “corporation” in some sentences, and “corporation” but not “entity” in others. Effective the day following final enactment.	Section 9. Same.
10	Failure to file estimated tax. Clarifies that the statute defining the time from which an underpayment of estimated tax runs applies to both C corporations that pay corporate franchise tax and exempt entities that pay unrelated business income tax. Present law references “entity,” but not “corporation.” Effective the day following final enactment.	Section 10. Same.
11	Withholding; out-of-state construction contractors. Changes the payment threshold that triggers the eight percent withholding requirement on payments to out-of-state construction contractors from \$50,000 of cumulative payments during the year to contracts exceeding \$50,000. Effective for payments made to contractors after December 31, 2013.	Section 11. Same.

Sec.	Article 16: Department Sales and Use and Special Taxes	Article 14: Department Policy and Technical: Sales and Use Taxes; Special Taxes
1	Deed tax; partitions. Defines a real property “partition” for purposes of the deed tax exemption for partition deeds (i.e., a deed to or from a co-owner partitioning their undivided interest in the same piece of real property). The definition provides, in effect, that the exemption only applies to a deed, or that portion of a deed, that divides a contiguous tract of co-owned real property into physically separate tracts owned individually by each of the co-owners. Effective date: Day following final enactment.	Section 1. Same
2	Sales and use tax. Eliminates the accelerated remittance schedules for vendors with annual sales tax collections of at least \$120,000 for all months except for June collections. Effective the day following final enactment. These early remittance	Section 2. Same.

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Sec.	Article 16: Department Sales and Use and Special Taxes	Article 14: Department Policy and Technical: Sales and Use Taxes; Special Taxes
	<p>requirements became inactive after the full statutory amounts for the budget reserve and cash flow accounts were restored in the February 2012 economic forecast.</p> <p>Effective date: Day following final enactment.</p>	
3	<p>Exemption certificate taken in good faith. Defines the term “taken in good faith” for purposes of seller relief from sales tax liability when a seller obtains a fully completed exemption certificate within 120 days after a request by the commissioner for substantiation of the exemption. Also clarifies that the relief is not available if the commissioner finds that the seller:</p> <ul style="list-style-type: none"> • knows or has reason to know that the information relating to the exemption was materially false; or • knowingly participated in activity intended to purposefully evade the tax due. <p>This is current practice but putting the definition in statute is necessary for conformity with the Streamlined Sales Tax Agreement.</p> <p>Effective date: Retroactively from January 1, 2013.</p>	<p>Article 16, section 10. Same.</p>
4	<p>Wholesale sales price; tobacco products. Modifies the definition of wholesale sales price by replacing references to price lists in current law with a reference to the price at which a distributor purchases the tobacco product.</p> <p>Effective date: Purchases made after December 31, 2013.</p>	<p>Article 16, section 13. Same.</p>
5	<p>Beer excise tax; small brewer credit. Ties allowance of the credit for small brewers to the fiscal year (rather than calendar year).</p> <p>Effective date: Day following final enactment.</p>	<p>Section 3. Same.</p>
6	<p>Nonadmitted insurance tax. Includes purchasing groups that purchase insurance directly from a nonadmitted insurer in the entities subject to tax.</p> <p>Effective date: Premiums received after December 31, 2013.</p>	<p>Article 16, section 18. Same.</p>
7	<p>Retaliatory provisions. Includes life insurance companies in the list of entities that are covered by the retaliatory tax provisions.</p> <p>Effective date: Day following final enactment.</p>	<p>Section 4. Same.</p>
8	<p>Tax on purchasing groups. Removes the tax on purchasing groups that purchase insurance directly from a nonadmitted insurer. Section 6 moves the tax on these groups to tax that applies to entities that purchase insurance from nonadmitted insurers.</p> <p>Effective date: Premiums received after December</p>	<p>Article 16, section 19. Same.</p>

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Sec.	Article 16: Department Sales and Use and Special Taxes	Article 14: Department Policy and Technical: Sales and Use Taxes; Special Taxes
	31, 2012.	
9	Purchasing groups due date. Eliminates the requirement that purchasing groups file biannual returns. Section 10 provides for filing of annual returns. Effective date: Premiums received after December 31, 2013.	Article 16, section 20. Same.
10	Purchasing groups due date. Changes purchasing groups' due date for filing returns from twice a year to once a year. This is consistent with the annual return due for other entities that buy directly from unauthorized insurers rather than from licensed insurance companies or surplus lines brokers. Effective date: Premiums received after December 31, 2013.	Article 16, section 21. Same.
11	Repealer. Repeals the penalty and safe harbor provisions related to the early remittance schedules for sales tax eliminated in section 2.	Section 5. Same.

Sec.	Article 17: Department of Revenue Property and Minerals Provisions	Article 15: Department Policy and Technical; Minerals Taxes; Property Tax
	No comparable provision.	Sections 1, 10, 11, and 20. Homestead and other applications. Clarifies that information collected to determine eligibility of property for homestead classification remains private data and removes obsolete language related to mailing homestead applications.
1	Definitions. Modifies a cross reference due to the change made in section 10.	Sec. 2. Same.
2	Taxes credited to state airports fund. Clarifies that the commissioner of revenue collects the air flight property tax. Current law only requires the tax to be credited to the state airports fund but does not specifically require the commissioner to collect the tax.	Sec. 3. Same.
3	Prohibited activity (assessor's duties). Modifies the list of nontax property appraisals that assessors may perform within their jurisdictions, so that county assessors are allowed to do appraisals related to land exchanges.	Sec. 4. Same.
4	Authority; air flight property tax penalties. Adds a citation to allow the commissioner to abate air flight property tax late payment penalties, clarifying that the commissioner has the power to abate both late payment and late filing penalties upon finding reasonable cause.	Sec. 5. Same.
5	Exempt property used by private entity. Clarifies that taxes on the use of federal real property are assessed as a personal property tax	Sec. 6. Same.

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Sec.	Article 17: Department of Revenue Property and Minerals Provisions	Article 15: Department Policy and Technical; Minerals Taxes; Property Tax
	against the user.	
6	Net proceeds tax, property tax exemption. Deletes the exemption from property tax for “direct reduced ore” under the net proceeds tax. Direct reduced ore is an iron ore product, which will not be the net proceeds tax that only applies to nonferrous ores, metals, or minerals.	Sec. 7. Same.
7	Definition of person for property taxes. Clarifies that for property tax purposes, the term “person” includes many different kinds of entities.	Sec. 8. Same.
8	Additional taxes (ownership changes for property in rural preserves). Allows certain new owners of property enrolled in the rural preserves program to qualify without an intervening period of disqualification. This avoids deferred taxes becoming payable when both the prior owner and the new owner qualify. Provides that the new owner will qualify in the following situations: (1) a transfer of the property to a surviving owner due to death; (2) a transfer of the property to a spouse by reason of marriage or divorce; or (3) a transfer of the property to a trust or authorized farming partnership, corporation, or company when the same people retain the same beneficial interests.	Sec. 9. Same.
9	Class 2 agricultural classification. Clarifies that (a) intensive livestock and poultry confinement operations are agricultural even if less than ten acres in size, (b) land must have been agricultural prior to enrollment in a conservation program in order to retain agricultural classification, and (c) certain 11-acre parcels fall under qualification criteria for ten-acre parcels.	Sec. 12. Same.
10	Class 4 residential nonhomestead classification. Eliminates a requirement that assessors separately report residential nonhomestead properties located on farms (but makes no changes in how those properties are classified or taxed).	Sec. 13. Same.
	No comparable provision.	Secs. 14 and 15. Homestead declaration before 2009/2009 and thereafter. Updates cross-references relating to homestead applications.
11	Tax-exempt property; lease. Clarifies that the tax on leased exempt property applies in the case of property owned by a local unit of government.	Sec. 16. Same.
12	Administrative appeals; railroad and utility valuations. Allows railroads, until the earlier of June 15 or ten days after the date of the valuation, and utilities, until the earlier of July 1 or ten days after the valuation, to file an administrative appeal of their property tax valuations. Current law allows both railroads and utilities to file appeals until May 15 or ten days after the date of the valuation, whichever is earlier.	Sec. 17. Same.

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Sec.	Article 17: Department of Revenue Property and Minerals Provisions	Article 15: Department Policy and Technical; Minerals Taxes; Property Tax
13	Definition of rural area; electrical cooperatives per capita tax. Amends the definition of rural area to refer to “statutory cities” and “home rule charter cities.” This technical change is necessary because the current statute refers only to “incorporated city,” a designation that no longer exists. All cities are now either statutory cities or home rule charter cities.	Sec. 18. Same.
14	Notice of delinquent property tax. Eliminates obsolete text from the notice regarding the various times within which the owners of different types of property may avoid a forfeiture of the property by paying the taxes, costs, and interest. Instructs the commissioner of revenue to provide a narrative description of the various redemption periods that the respective county auditors will include in the notice. Effective for notices required beginning in 2014.	Sec. 19. Same.
15	Approval; recording (senior deferral program). Allows the commissioner to prescribe the form of the lien notices recorded under this program, eliminating the need for the lien notices to be notarized or contain a notation that the document was drafted by the commissioner of revenue.	Sec. 21. Same.
16	Nonferrous occupation tax, mining. Defines the term “hydrometallurgical processes” that is used in nonferrous minerals tax.	Sec. 22. Same.
17	Net proceeds tax. Modifies the terminology used in the distribution language for the net proceeds tax to be consistent with the language imposing the tax.	Sec. 23. Same.
18	Public corporation; listed powers (duties of assessors). Provides that county assessors need not be licensed as real estate appraisers in order to do land exchange appraisals as provided in section 3.	Sec. 24. Same.
19	Repealer. Repeals obsolete provisions relating to (a) filing a list of leased tangible personal property with the commissioner of revenue, (b) limited market value, and (c) a market value exclusion for property treated for lead paint removal.	Sec. 25. Same.

Sec.	Article 18: Department of Revenue Miscellaneous Provisions	Article 16: Department Policy and Technical: Miscellaneous
1	Void warrants. Clarifies that a holder of a void warrant is not a holder-in-due-course and may not recover against the state. Effective the day following final enactment.	Section 1. Same
2	Notice by electronic means. Provides that notice of determinations and actions of the commissioner sent by electronic means is sufficient notice if the taxpayer or other person agrees to accept notice electronically. Effective the day following final	Section 2. Same

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Sec.	Article 18: Department of Revenue Miscellaneous Provisions	Article 16: Department Policy and Technical: Miscellaneous
	enactment.	
3	Penalty for failure to pay electronically; interest. Replaces language requiring interest on the penalty for failure to pay by electronic means from the date the payment was due with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	Section 3. Same
4	Interest on penalties; mortgage registry and deed tax. Replaces language requiring interest on penalties under the mortgage registry and deed tax chapter (chapter 287) to run from the date the payment was required, including any extensions, with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	Section 4. Same
5	Interest on penalties; civil penalties under chapter 289A. Replaces language requiring interest on civil penalties under chapter 289A to run from the date the payment was required, including any extensions, with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Chapter 289A provides for administration of taxes under chapters 290, 290A, 291, 297A, and parts of 298, including the individual income, withholding, corporate franchise, estate, sales and minerals taxes administered by the state, and the property tax refund. Effective the day following final enactment.	Section 5. Same
6	Interest on penalties; understatement of liability under chapter 289A. Replaces language requiring interest on the penalty for substantial understatement of liability for taxes administered under chapter 289A, except for the sales tax, to run from the date the tax was underpaid with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	Section 6. Same
7	Biobutanol definition. Provides a new definition of biobutanol for use in the petroleum tax chapter.	No comparable provision
8	E85 definition. Modifies the definition of E85 (ethanol) used in the petroleum tax chapter to conform to recent changes to the American Society for Testing and Materials (ASTM) standard.	Section 7. Similar. House sets requirement at “51 percent”, Senate at “greater than 50 percent”.
9	Penalty for failure to pay; petroleum taxes. Clarifies that interest on penalties for failure to pay taxes or fees under the petroleum tax accrues until the tax or fee is paid. Effective the day following final enactment.	Section 8. Same

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Sec.	Article 18: Department of Revenue Miscellaneous Provisions	Article 16: Department Policy and Technical: Miscellaneous
10	Interest on penalties; operating without a license. Provides that the penalty for operating without a license under the petroleum tax chapter bears interest as provided in section 270C.40, subdivision 3. Effective the day following final enactment.	Section 9. Same
	Article 16, section 3. Same.	Section 10. Exemption certificate taken in good faith.
11	Interest on penalty for unpaid motor vehicle sales tax. Clarifies that interest on any additional tax and penalties under the motor vehicle sales tax chapter runs from the date the payment tax or penalty was assessable, set by reference to section 270C.40, subdivision 3, until the tax or penalty is paid. Effective the day following final enactment.	Section 11. Same
12	Interest on civil penalties; chapter 297E (gambling taxes). Replaces language requiring interest on civil penalties under the gambling tax chapter (297E) from the date the payment was required, including any extensions, with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	Section 12. Same
	Article 16, section 4. Same.	Section 13. Wholesale sales price; tobacco products.
13	Interest on penalty for unpaid cigarette and tobacco taxes. Replaces language requiring interest on the penalty for unpaid cigarette and tobacco taxes to run from the date the payment was required with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	Section 14. Same
14	Interest on civil penalties under chapter 297F (cigarette and tobacco taxes). Replaces language requiring interest on civil penalties under the cigarette and tobacco tax chapter (297F) to run from the date the payment was required, including any extensions, with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	Section 15. Same
15	Interest on penalty for unpaid liquor taxes. Replaces language requiring interest on the penalty for unpaid liquor taxes to run from the date the payment was required with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	Section 16. Same
16	Interest on civil penalties under chapter 297G	Section 17. Same

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Sec.	Article 18: Department of Revenue Miscellaneous Provisions	Article 16: Department Policy and Technical: Miscellaneous
	(liquor taxes). Replaces language requiring interest on civil penalties under the liquor tax chapter (297G) from the date the payment was required, including any extensions, with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	
	Article 16, section 6. Same.	Section 18. Nonadmitted insurance tax.
	Article 16, section 8. Same.	Section 19. Tax on purchasing groups.
	Article 16, section 9. Same.	Section 20. Purchasing groups due date.
	Article 16, section 10. Same.	Section 21. Purchasing groups due date.
17	Interest on penalty; insurance premiums taxes. Replaces language requiring interest on penalties under the insurance premiums tax chapter (chapter 297I) to run from the date the return or payment was required to be filed or paid with a reference to section 270C.40, subdivision 3, which provides that interest on penalties runs from the time the penalty was assessable. Effective the day following final enactment.	Section 22. Same
18	Interest on repayment of JOBZ tax incentives. Provides that any additional taxes and penalties due on repayment of JOBZ tax incentives bears interest and for interest on penalties to run from the date assessable, by reference to section 270C.40, subdivision 3, to the date of payment. Effective the day following final enactment.	Section 23. Same
19	Interest on repayment of biotechnology and health sciences industry zone tax incentives. Provides that any additional taxes and penalties due on repayment of biotechnology and health sciences industry zone tax incentives bears interest and for interest on penalties to run from the date assessable, by reference to section 270C.40, subdivision 3, to the date of payment. Effective the day following final enactment.	Section 24. Same