

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3167
Version: First engrossment

DATE: March 31, 2014

Authors: Lenczewski

Subject: Omnibus Tax Bill

Analyst: Nina Manzi (651-206-5204), Joel Michael (joel.michael@house.mn), Pat Dalton (651-296-7434), Steve Hinze (steve.hinze@house.mn), Andrew Biggerstaff (andrew.biggerstaff@house.mn)

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Article 1: Property Tax Aids, Credits, and Refunds

Overview

Increases various state aid, credit, and refund programs, including:

- Provides for an increase in the agricultural homestead market value credit beginning in 2015, and provides for a supplemental agricultural credit in 2014.
- Adds an annual adjustment provision to the city LGA appropriation and corrects a language error in the LGA calculation from last year.
- Increases homestead credit refunds based on taxes payable in 2014 by three percent and renter property tax refunds based on rent paid in 2013 by six percent.
- Provides for an increase in the border city disparity reduction credit.
- Provides for transition aid payments to cities and towns that undergo significant tax base losses due to changes in the definition of real property used in certain industrial processes.
- Provides supplemental county program aid in CY 2014 only.
- Provides a pilot aid program intended to improve volunteer first responder recruitment and retention.
- Modifies the supplemental firefighter retirement aid program enacted last year to include independent nonprofit fire departments that were accidentally omitted from the program.
- Provides a onetime LGA penalty forgiveness to the city of Bluffton.

1 Volunteer first responder aid pilot. Provides for a three-year pilot program to pay \$500

Section

stipends to volunteer firefighters, volunteer ambulance attendants, and volunteer emergency medical responders who serve in a pilot area in the south-central part of the state (Blue Earth, Faribault, Freeborn, Martin, Steele, Waseca, and Watonwan counties), with the objective of improving volunteer recruitment and retention. The commissioner of revenue will pay aid to municipalities, emergency medical services providers, and nonprofit firefighting corporations that use volunteers in the pilot area, and the entities receiving the aid then pay \$500 stipends to individuals who volunteered for all of the previous calendar year. The pilot provides for the aid to be paid in 2015, 2016, and 2017 for volunteer service provided in 2014, 2015, and 2016. Requires the commissioner to report to the legislature in 2018, and provide data on the amount of aid paid and number of volunteers in each year of the pilot, and as a comparison also the number of volunteers serving in counties immediately adjacent to the pilot area. Provides an open appropriation for aid in fiscal years 2016 through 2018.

- 2 **Agricultural homestead market value credit.** Increases the rate of the agricultural homestead market value credit so that it reaches a maximum of \$490 at a market value of \$270,000 and over. Under current law, it reaches a maximum of \$345 at \$115,000 of value, but then decreases to \$230 at a value of \$345,000 and over. Effective beginning with taxes payable in 2015.
- 3 **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 (Moorhead, Dilworth, East Grand Forks, and Breckenridge) to 1.7 percent, versus the current 1.9 percent.
- 4 **Supplemental firefighter retirement state aid.** Includes all independent nonprofit firefighting corporations, regardless of pension fund used, in the definition of “municipality” for purposes of paying supplemental firefighter retirement state aid. These groups were inadvertently omitted when this new aid program was established in 2013. Also makes a correction to a percentage used in allocating the aid to the various pension funds so the total equals 100%.
- 5 **City formula aid.** Corrects a drafting error in calculating formula aid in Minnesota Statutes, section 477A.013, subdivision 8, which impacts the LGA losses to cities that currently get more aid than their “unmet need” under the formula. Without the fix, a city that should have its LGA gradually decreased to its “unmet need” amount will see its aid decrease faster if the LGA appropriation is increased. Effective beginning with aids payable in 2015.
- 6 **Cities.** Increases the city LGA appropriation annually, beginning in CY 2015, by the growth rate in inflation and city population as provided in section 7. This replaces the appropriations in current law which are \$507.6 million in CY 2014, \$509.1 million in CY 2015, and \$511.6 million in CY 2016 and thereafter. Effective beginning with aids payable in 2015.
- 7 **Inflation adjustment.** Provides for an annual adjustment to the city LGA appropriation in section 6, beginning with CY 2015 aids. The annual increase is based on the growth in the implicit price deflator (IPD) for state and local government purchases, and the growth rate in city population. The adjustment may not exceed 5 percent growth in any year. Effective beginning with aids payable in CY 2015.

Section

- 8 Production property transition aid.** Provides for the payment of transition aid to cities and towns that lose 5% or more of their net tax capacity due to the change in the definition of “real property” in Article 2, section 6. For aid beginning in 2016, qualifying cities and towns will receive full compensation for the decrease in tax base. The transition aid then phases out over the next four years, with aid payments stepped down by 20% each year. No aids are payable in 2021 and thereafter.
- 9 Supplemental county program aid for 2014.** Authorizes supplemental county program aid (CPA) payments for 2014 only for any county whose 2014 CPA was less than it received in 2013. The amount of supplemental aid is equal to the drop in aid between 2013 and 2014.
- 10 Supplemental agricultural credit for taxes payable in 2014.**
- Subd. 1. Certification of supplemental credit amount.** Provides that each agricultural homestead receiving an agricultural market value credit for taxes payable in 2014 is eligible for a supplemental credit of \$230, provided the credit does not exceed the net taxes on the property. Requires each county to provide the commissioner of revenue with the necessary information by August 15, 2014. Provides that the supplemental credit will not be paid to any homestead having delinquent taxes.
- Subd. 2. Payment of supplemental credit.** Requires the commissioner of revenue to pay the supplemental credit amount directly to each qualifying property owner by October 15, 2014.
- Subd. 3. Property tax statements for taxes payable in 2015.** Provides that the proposed and final property tax statements for taxes payable in 2015 must provide a notation that a supplemental credit was paid in 2014.
- Subd. 4. Costs of administration.** Appropriates the amount necessary to the commissioner of revenue to make the supplemental credit payments.
- 11 Homestead credit refund and renter property tax refund increase.** Directs the commissioner of revenue to increase all homestead credit refunds based on taxes payable in 2014 by three percent, and all renter property tax refunds based on rent paid in 2013 by six percent. These refunds are typically filed in calendar year 2014 and paid beginning in August 2014 for renters and in September 2014 for homeowners. Makes a general fund appropriation to pay for the increased refunds. Because the deadline for filing claims based on taxes payable in 2014 and rent paid in 2013 is August 15, 2015, some increases will be paid in fiscal year 2016, and the appropriation is for fiscal years 2015 and 2016.
- 12 LGA penalty forgiveness; Bluffton.** Provides penalty forgiveness to the city of Bluffton for late filing of financial reports with the state auditor for the last three years, provided that the state auditor certified that these reports have now been filed and the CY 2013 report, due June 30, 2014, are filed on time. The city lost one-half of its LGA payments (\$16,050.50 per year) in the years 2011-2013. \$20,000 of the penalty would be paid to the city with the July 2014 LGA payment and the remaining \$48,151.50 would be paid with the July 2015 LGA payment. Effective the day after final enactment.

Section

- 13 Additional supplemental aid revision of omitted 2013 independent firefighting corporations.** For the supplemental aid paid in October 1, 2014 only, the nonprofit firefighting corporations that did not receive October 1, 2013 payments under this program will have the amounts they should have received calculated and paid first from the FY 2015 appropriation before the FY 2015 payments are calculated for all qualified firefighting groups. The catch-up payments will be made with the regular October 1, 2014 (FY 2015) distributions.

Article 2: Property Taxes

Overview

Makes a number of changes in the property tax system, including:

- Eliminating a number of minor property tax classifications
- Excluding the first \$150,000 of each commercial-industrial property from the state general levy
- Modifying and clarifying the property tax treatment of certain structures used in the production of biofuels and related industrial processes
- Clarifying the property tax exemption for solar energy systems, and imposing a production tax on solar energy systems
- Extending the time period for the spouse of a disabled veteran to receive the veteran's property tax benefit from five years to eight years

- 1 Personal property used for pollution control.** Requires the commissioner of revenue to notify the county assessor and the city clerk when an application has been filed for a pollution control exemption by an electric generation facility, and when an order for exemption has been issued.
- 2 Solar energy-generating systems.** Amends the existing exemption of solar photovoltaic devices to instead exempt "solar energy-generating systems," as defined in section 5. Also provides that the real property where the solar system is located will be valued in the same manner as if the solar energy-generating system was not present, and classified according to its most probable use if not improved with a solar system.
- 3 Efficiency determination and certification.** Requires the commissioner of revenue to notify the county assessor and the city clerk when an application has been filed for a sliding scale valuation exclusion by an electric generation facility.
- 4 Sliding scale exclusion.** Requires the commissioner of revenue to notify the city clerk when a sliding scale valuation exclusion has been approved.
- 5 Solar energy production tax.**

Subd. 1. Production tax. Imposes a tax on electricity production from a solar energy system.

Section

Subd. 2. Definitions. Defines “solar energy-generating system” to mean a set of devices used to produce electricity by means of collecting, transferring, or converting solar-generated energy. Provides that the size of a solar energy-generating system for purposes of this section must be determined by adding the nameplate capacities of all systems constructed within the same 12-month period with characteristics of being a single development including but not limited to the same or similar ownership structure, shared interconnection, common financing, etc.

Subd. 3. Rate of tax. Exempts solar energy systems with capacity of one megawatt alternating current or less; other systems are taxed at a rate of \$1.20 per megawatt-hour produced.

Subd. 4. Reports. Requires the owner of a solar energy system to report annually to the commissioner of revenue by January 15 the number of megawatt-hours produced by the system the previous year. In the absence of a report, the commissioner will base the tax on 30 percent of the system’s nameplate capacity.

Subd. 5. Notification of tax. Requires the commissioner of revenue to annually notify an owner of a solar energy system by February 28 of the amount of tax due to each county. Provides for corrections of erroneous calculations.

Subd. 6. Payment of tax; collection. Provides that the tax is to be paid at the same time and in the same manner as the property tax, and is subject to the same treatment if unpaid.

Subd. 7. Distribution of revenues. Provides that 80 percent of the tax will be distributed to counties, and 20 percent to cities and townships.

6 Real property. Provides that the exterior shell of a structure used in the production of biofuels, wine, beer, distilled beverages, and dairy products, is not included in the definition of real property, even if the shell has structural, insulation, or temperature control functions. The exterior shell of the structure, however, is real property if it is used primarily for storage of ingredients or materials used in the production of biofuels, wine, beer, distilled beverages, and dairy products, or the storage of those finished products. Effective beginning with taxes payable in 2016.

7 Class 1. Eliminates class 1d, a classification for residential property housing seasonal farm workers. Effective beginning with taxes payable in 2016.

8 Class 2. Eliminates the following classifications:

- ▶ Class 2d - runways and related areas of privately-owned airports that are open to the public; and
- ▶ Class 2e - land containing a commercial aggregate deposit that is not actively being mined.

Effective beginning with taxes payable in 2016.

9 Class 4. Eliminates the following classifications:

Section

- ▶ Class 4c(7 & 8) - Noncommercial aircraft storage hangars located on or adjacent to publicly-owned airports
- ▶ Class 4c(9) - owner-occupied bed & breakfast facilities
- ▶ Class 4c(10) - seasonal restaurants located on a lake; and
- ▶ Class 4c(11) - marinas providing public access to a lake or river.

Also makes technical changes. Effective beginning with taxes payable in 2016.

- 10 Homestead of disabled veteran or family caregiver.** Extends the time period for the surviving spouse of a totally disabled veteran to continue to receive the disabled veteran's property tax benefit from five years to eight years. Provides the same extension for surviving spouses of military personnel who are killed in action.
- 11 Commercial-industrial tax capacity.** Excludes the first tier of commercial-industrial (C/I) property value (up to \$150,000) from the state general levy, thereby shifting the tax to upper-tier C/I property.
- 12 Proposed levy.** Extends the deadline for counties and cities to certify their proposed levies from Sept. 15 to Sept. 30. Retains the existing deadlines of Sept. 15 for towns and special taxing districts, and Sept. 30 for school districts.
- 13 Repealer.** Repeals the aggregate preservation property tax law, which goes along with the elimination of class 2e property in section 8.

Section

Article 3: Sales, Use, and Excise Taxes

Overview

Changes the June accelerated tax remittances by increasing the liability threshold for paying them and reducing the percentage remitted early

Modifies and expands the sales tax exemption for local governments

Modifies qualifications and limits for the sales tax exemption for Greater Minnesota business expansion.

Changes the tax treatment of coin operated amusement devices

Clarifies the treatment of digital audio and audiovisual works used in seminars and post secondary education

Modifies exemptions for certain nonprofit fund raising

Exempts transfer on death titles on motor vehicles from the motor vehicle sales tax

Clarifies the sales tax exemption for refurbished data centers

Provides amnesty to selected entities for certain back taxes

Authorizes or extends the following local sales taxes:

- food and beverage tax in the city of Duluth
- existing local sales tax in the cities of Albert Lea, Baxter, and Brainerd

- 1** **Qualified business; Greater Minnesota business expansions.** Changes the definition of businesses that can qualify for the sales tax exemption for Greater Minnesota business expansions to exclude a number of nonmanufacturing businesses including legal, accounting, and consulting services, and leisure, lodging, and health care businesses. Retail businesses and public utilities are already excluded. Effective the day after final enactment.
- 2** **Certification of qualified businesses; Greater Minnesota business expansions.** Simplifies the employment expansion requirements for qualifying for the sales tax exemption for Greater Minnesota business expansions to the greater of (1) two employees or (2) 10 percent of the business's current number of employees. Limits the agreement to a 7 year period rather than a 12 year period. Allows the commissioner of employment and economic development (DEED) 90 days rather than 60 days to act on an application for this program. Effective the day after final enactment.
- 3** **Available tax incentives; Greater Minnesota business expansions.** Limits the sales tax exemption for any Greater Minnesota qualified business to \$2 million annually and a total of \$10 million. Allows the commissioner of DEED to negotiate the exemption for each business as part of the business subsidy agreement. Currently there is no limit to the amount

Section

of sales tax exemption going to any one business. Effective the day after final enactment.

4 Transfer on death of title to motor vehicle. Provides for designating a recipient of a motor vehicle title upon death of the owners listed on the title. Specifies the method for identifying who the title recipient would be upon death; allows the owner to change the transfer of death recipient at any time by applying for a new title; establishes that the vehicle is included in probate estate only if no title transfer-on-death designation is made; and establishes that the rights of vehicle lienholders, or other creditors of the deceased vehicle owner, are retained following title transfer on death

5 Sales and use tax (June accelerated.) Increases the annual tax liability threshold for vendors required to remit June sales tax collections on an accelerated basis from \$120,000 to \$250,000. Effective beginning with June 2014 sales taxes.

6 Accelerated payment of June sales tax liability; penalty for underpayment. Decreases the percentage of June sales tax liability that must be paid on an accelerated basis from 90 percent to 82 percent. Effective beginning with June 2014 sales taxes.

7 Instructional materials. Clarifies that digital audio and audiovisual works required for a postsecondary course of study are included in the instructional materials exemption. Effective the day following final enactment.

8 Presentations accessed as digital audio and audiovisual works. Provides a sales tax exemption for certain live and prerecorded presentations, classes, and seminars, that meet both of the following criteria:

- the presentation allows the online participants to interact with the presenter and each other during the time the participants access the presentation, although the presenter may limit the amount and timing of the interaction (i.e. at the end); and
- if participants have the option of attending the presentation in person, the persons at the presentation and online participants are subject to the same interaction rules and admission to the presentation is not subject to sales tax under this chapter.

Effective for sales and purchases made after June 30, 2014.

9 Retail sale. Exempts from sales tax the sale of coin-operated devices whose main purpose is to provide amusement and entertainment. 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.

Machines and equipment that would remain taxable include vending machines; food and beverage machines such as soda and frozen drink dispensers, soft serve ice cream machines, rotating hot dog warmers, gum ball machines, and popcorn machines; medical devices such as blood pressure monitors; and non-coin operated amusement machines such as karaoke machines, regular ping pong tables, pool tables, and similar items. Effective for sales and purchases after June 30, 2014.

10 Qualified data centers. Makes clarifying changes to the existing sales tax exemption for

Section

refurbished data centers by (1) moving a clause to paragraph (b) that was erroneously added to paragraph (c) in the 2013 tax bill; and (2) adding the term “qualified refurbished data centers” to several existing references to a “qualified data center”. Effective retroactively to sales and purchases made after June 30, 2013.

11 Greater Minnesota business expansions. Requires that the sales tax exemption for Greater Minnesota business expansions only applies to purchases to be used at the facility in Greater Minnesota identified in the business subsidy agreement and limits the total amount of refund to a business to the amount in the business subsidy agreement. Effective the day following final enactment.

12 Sales to government. Modifies the sales tax exemption for local governments as follows:

- Eliminates the illustrative list of government services whose inputs would remain taxable and replaces it with a definitive list. Goods and services purchased by exempt local governments for a publicly provided liquor store, gas or electric utility, golf course, marina, health and fitness center, campground, cafe, laundromat, solid waste hauling, solid waste recycling, or a landfill will remain taxable.
- Extends the definition of tax exempt local governments, which currently includes counties, cities, and townships, to include purchases by housing and redevelopment authorities, port authorities, economic development authorities, and any joint powers board or organization where at least 50 percent of the joint powers members are exempt governmental entities.

The changes related to excluded government services are effective for sales and purchases made after June 30, 2014. The changes in definition of qualifying government are effective for sales and purchases after June 30, 2015.

13 Fundraising sales by or for nonprofit groups. Raises the annual limit of non-taxable fundraising sales for youth and senior citizen groups from \$10,000 to \$20,000 annually. Provides that if a group’s fundraising sales exceed the \$20,000 limit, the sales tax would only apply to the portion in excess of \$20,000. Beginning in CY 2016, the limit under this subdivision would be adjusted annually for changes in the consumer price index. The current limit of \$10,000 has been in place since 1985 and if it is exceeded all sales become taxable. Effective for sales made after June 30, 2014.

14 Fundraising events sponsored by nonprofit groups. Provides a definition of fundraising days for purposes of the limit of 24 days that nonprofits are allowed to engage in fundraising events. The definition will exclude ongoing sales and stores and restaurants, ongoing sales over the Internet, and regularly scheduled classes or activities that are part of the nonprofit’s normal course of business. Effective for sales made after June 30, 2014.

15 Donated materials for a library expansion. Provides an exemption for building materials purchased and donated by a private entity and used in building an addition to a city library. Effective for sales and purchases made after April 1, 2014 and before July 1, 2015.

16 Sale, sells, selling, purchase, purchased, or acquired. Excludes transfer-on-death title transfers from being treated as a sale subject to the motor vehicle sales tax.

Section

- 17 Exemptions (MVST).** Expands the existing motor vehicle sales tax exemption for road maintenance vehicles purchased by townships to purchases by counties, cities, and joint powers board and organization where at least 50 percent of the members are cities counties, or townships. The exemption applies to vehicles such as snow plows and dump trucks but not cars, vans, or pickup trucks. Effective for sales and purchases after June 30, 2015.
- 18 Accelerated tax payment, cigarette or tobacco distributors.** Increases the annual tax liability threshold for cigarette and tobacco distributors required to remit June tax collections on an accelerated basis from \$120,000 to \$250,000. Also decreases the percentage of June tax liability that must be paid on an accelerated basis from 90 percent to 82 percent. Effective beginning with June 2014 tobacco taxes.
- 19 Microdistillery credit.** Creates a tax credit for a qualified distiller. A qualified distillery is one who produces premium, distilled spirits in a total quantity not to exceed 40,000 proof gallons in a calendar year. The credit would apply to the calendar year immediately preceding the year in which the credit is being claimed. The total allowable credit is equal to either the lesser of the qualified distiller's actual tax liability, or \$133,000.
- 20 Accelerated tax payment, penalty (liquor taxes).** Increases the annual tax liability threshold for liquor distributors required to remit June tax collections on an accelerated basis from \$120,000 to \$250,000. Also decreases the percentage of June tax liability that must be paid on an accelerated basis from 90 percent to 82 percent. Effective beginning with June 2014 liquor taxes.
- 21 Food and beverage tax (Duluth).** Allows the Duluth city council to increase its food and beverage tax from the current rate of 1.75% percent to 2.25% with the additional revenue dedicated to fund up to \$18 million of capital projects related to tourism and recreation in the portion of the city west of 34th Avenue West. The temporary increase ends when the additional revenue raised under this section and section 22 is sufficient to fund the allowed projects. Also eliminates obsolete language related to a 1998 temporary increase of the Duluth food and beverage tax from 1.75% to 2.25% to fund the Duluth Entertainment and Convention Center (DECC) and the Great Lakes Aquarium, which has expired. Effective upon the city filing approval with the secretary of state.
- 22 City of Duluth; tax on receipts by hotels and motels.** Allows the Duluth city council to increase its lodging tax from the current rate of 1.0% percent to 1.5% with the additional revenue dedicated to fund up to \$18 million of capital projects related to tourism and recreation in the portion of the city west of 34th Avenue West. The temporary increase ends when the additional revenue raised under this section and section 21 is sufficient to fund the allowed projects. Also eliminates obsolete language related to a 1998 temporary increase of the lodging tax from 1.0% to 1.5% to fund the DECC and the Great Lakes Aquarium which has expired. Effective upon the city filing approval with the secretary of state.
- 23 Termination of taxes (Albert Lea).** Changes the allowed time period for imposition of the local sales tax in Albert Lea from the lesser of 10 years or when \$15 million is raised, to the lesser of 15 years or when the \$15 million is raised. Effective upon the city filing approval with the secretary of state.

Section

- 24 Use of revenues (Baxter).** Allows the city of Baxter, with approval of the voters, as provided in section 26, to extend its local sales tax to fund up to an additional \$32 million in sanitary sewer and storm sewer projects, as well as transportation safety improvements.
- 25 Bonds (Baxter).** Allows the city of Baxter to issue up to \$32 million in bonds for the new projects authorized in section 5, based on the vote on the tax extension in section 26.
- 26 Termination of taxes (Baxter)** Allows the city of Baxter to extend its local sales taxes if approved by the voters at the 2014 general election. If approved the tax would expire at the earlier of (1) December 31, 2031, or (2) when revenues are sufficient to pay for the authorized projects plus associated bond costs. Effective upon filing approval with the secretary of state.
- 27 Use of revenues (Brainerd).** Allows the city of Brainerd, with approval of the voters, as provided in section 29, to extend its local sales tax to fund up to an additional \$15 million for improvements in the joint waste treatment facility, other water infrastructure, and trail improvements.
- 28 Bonds. (Brainerd).** Clarifies that the existing bond authority only applies to the original projects authorized in 2006.
- 29 Termination of taxes (Brainerd).** Allows the city of Brainerd to extend its local sales taxes if approved by the voters at the 2014 general election. If approved the tax would expire at the earlier of (1) when an additional \$15 million is raised, or (2) twelve years after the original termination date for the tax. Effective upon filing approval with the secretary of state.
- 30 Effective date.** Clarifies that the sales tax refund on construction materials and capital equipment for construction or expansion of a large pharmaceutical manufacturing facility may not be applied for before June 30, 2015. It is doubtful that minimum investment and job development requirements can be met before June 30, 2015.
- 31 Validation of prior act; authorization (Albert Lea).** Allows the city to file its approval of its original 2005 and 2006 sales tax laws and retroactively validates the enactment of that tax by June 15, 2014. Normally a special law must be approved in the biennium in which it is enacted or it does not take effect. Effective the day after final enactment.
- 32 Temporary sales tax amnesty, animal shelters.** Provides an amnesty regarding back sales taxes to nonprofit animal shelters that currently are not registered to collect and remit the sales and use tax, provided that they register and begin collecting the tax within 4 months of passage of this act. It also provides a similar amnesty for nonprofit animal shelters that are being audited if the audit is not finally resolved, provided that the shelter was not registered to collect and remit the tax at the time of the audit. The amnesty does not apply to taxes already collected by the seller, or remitted to the state. Effective the day after final enactment.
- 33 Temporary sales tax amnesty, agricultural centers.** Provides a temporary sales tax amnesty for sales taxes owed on admissions to a performance or event of a nonprofit

Section

organization with a focus on preserving Minnesota's rural heritage and educating the public on rural history and the impact of Minnesota farming. The exemption only covers admissions to performances and events consistent with the organization's mission. The amnesty covers the period from December 31, 2008 to December 31, 2011, and covers audits that are not finally resolved, including penalties and interest.

Article 4: Income and Estate Taxes

Overview

Makes various changes in the individual income and estate taxes, including:

- ▶ Extends the current law exclusion for discharge of indebtedness income resulting from a foreclosure for one year, as a subtraction from taxable income.
- ▶ Extends the military pay income tax subtraction for National Guard members who serve in Active Guard/Reserve status.
- ▶ Extends the research credit to sole proprietors, effective in tax year 2014.
- ▶ Requires the commissioner of employment and economic development (DEED) to develop and implement a plan to promote use of the angel investment credit in greater Minnesota, and expands the definition of businesses that qualify for the credit
- ▶ Conforms to a new federal law allowing acceleration of income tax benefits for charitable contributions for the relief of victims of Typhoon Haiyan
- ▶ Provides that qualified works of art do not have a Minnesota situs under the estate tax.
- ▶ Clarifies the application of Chapter 150's repeal of the gift tax to the 3-year look back rule under the estate tax

1 **Qualified small business; angel investment credit.** Expands the definition of qualified small business for the angel investment credit. Under current law businesses must meet a variety of requirements for investments to qualify for the credit. One of the requirements is that the primary business activity is:

- ▶ Using proprietary technology to add value to a product, process, or service in a qualified high-technology field
- ▶ Researching or developing a proprietary product, process, or service in a qualified high-technology field, or
- ▶ Researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation.

This section adds a fourth criterion, allowing businesses to qualify if they have as their primary business activity researching and developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation.

Effective beginning in tax year 2015.

2 **Promotion of angel credit in greater Minnesota.** Requires the commissioner of DEED to develop a plan to promote usage of the angel credit in greater Minnesota and by women- and

Section

minority-owned businesses. Laws 2014, chapter 150, provided that \$7.5 million of the \$15 million provided for the angel credit in 2015 and 2016 be reserved through September 30th of the year for investments in greater Minnesota and women- and minority-owned businesses. The plan required in this section must have the goal of allocating the full amount of the reserved credit to investments in greater Minnesota and women- and minority-owned businesses. Requires the commissioner of DEED to include information on the plan and attainment of the goal in the annual report to the legislature.

- 3 Minnesota tax laws; definition.** Strikes a reference to the gift tax chapter, which was repealed in Laws 2014, Chapter 150, in the definition of “Minnesota tax laws”.
- 4 Data practices; disclosure to data subject.** Strikes language allowing donors to inspect gift tax returns, since the gift tax was repealed in Laws 2014, chapter 150.
- 5 Update of administrative tax provisions.** Adopts federal tax administrative changes made between December 20, 2013, and March 26, 2014. The federal law enacted in that time period does not change federal provisions referenced in chapter 289A.
Effective date: Effective retroactive to tax year 2013.
- 6 Update to federal definition of taxable income.** Adopts all the federal changes to taxable income in the Philippines Charitable Giving Assistance Act, which allows taxpayers may elect to treat contributions for typhoon relief made after March 25, 2014, and before April 15, 2014, as though they were made on December 31, 2013. The effect is to allow individual and corporate calendar-year taxpayers to deduct typhoon relief contributions made from March 26th through April 14th on their 2013 federal income tax returns, rather than on their 2014 returns. This section would allow deductions made by Minnesota taxpayers to flow through to their 2013 state returns. Without this change, taxpayers deducting typhoon relief contributions on their 2013 federal returns would be required to add those contributions to Minnesota taxable income on their 2013 state returns and then deduct them from Minnesota taxable income on their 2014 state returns.
Effective date: Effective retroactive to tax year 2013.
- 7 Subtractions from taxable income; individuals.** Provides a subtraction for income resulting from discharge of indebtedness on a principal residence. The subtraction applies to debt reduced as part of a mortgage restructuring as well as debt forgiven in connection with a foreclosure. This income has been excluded from income at the federal and state level for tax years 2007 through 2013; the subtraction in this section has the effect of extending the exclusion at the state level to tax year 2014. Effective for tax year 2014 only.

Also extends the existing military pay subtraction to National Guard members in Active Guard/Reserve status and individuals in active status under the state adjutant general. Effective for tax year 2014 and following years.
- 8 Internal Revenue Code.** Adopts federal changes to federal adjusted gross income (FAGI) made between December 20, 2013 and March 26, 2014. AGI is used for computing individual alternative minimum tax and determining withholding, and is the starting point for

Section

calculating household income, which is used to compute the dependent care and K-12 education credit. The change to federal adjusted gross income is described in section 6.

Effective date: Effective retroactive to tax year 2013.

- 9** **Research credit; sole proprietors.** Extends the research credit to businesses operating as sole proprietorships. Under the current law the credit is allowed only for businesses operating as C corporations or as pass-through entities (S corporations, partnerships, LLCs, and the like). Effective beginning in tax year 2014.
- 10** **Alternative minimum tax; individuals.** Provides a subtraction from alternative minimum taxable income for amounts deducted under the subtraction for discharge of indebtedness income provided in section 7.
- 11** **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 starting point.
- Effective date:** Retroactive to tax year 2013.
- 12** **Estate tax definitions.** Defines a “qualified work of art” as a work of art, as provided by the federal estate tax, that is owned by a non-resident and on loan to a Minnesota art museum or similar charity. These works of art are treated as not having a Minnesota situs. This ensures that a nonresident decedent’s loan of a work of art to a Minnesota art museum will not trigger an obligation to file or pay Minnesota estate tax. This section also updates the reference to the Internal Revenue Code in the estate tax through March 26, 2014. Effective retroactively for deaths after December 31, 2013.
- 13** **Effective date; Minnesota taxable estate.** Clarifies that the effective date of the new definition of the Minnesota taxable estate, enacted in Laws 2014, chapter 150, applies only to taxable gifts made after June 30, 2013. This limits the 3-year look back, which includes taxable gifts made within 3 years of the date of death in the estate, to gifts that were taxable under the repealed gift tax.
- 14** **Definition of taxable gift.** Defines taxable gifts for purpose of the 3-year look back rule for estates of decedents who died between June 30, 2013 and January 1, 2014. This language codifies the definition in the repealed gift tax, including guidance issued by DOR.

Section

Article 5: Minerals

Overview

Allows Rock County to continue imposing its 10-cent per cubic ton aggregate tax.

Provides greater flexibility in spending taconite distributions by modifying

- ▶ the special 2008 distribution to the city of Aitkin and
- ▶ the 2013 distribution to the city of Cook

- 1** **Rock County aggregate tax.** Extends the authority for a county that borders two other states and that is not contiguous to a Minnesota county with an aggregate tax to impose the tax at 7 cents per ton or 10 cents per cubic yard. (The general law requires counties to impose aggregate tax, if they elect to use the authority, at a rate of 21.5 cents per cubic yard or 15 cents per ton.) Rock County is the only county using this statutory authority. The section permanently extends the authority to impose the tax at a lower rate, which is set to expire December 31, 2014.
- 2** **One-time 2008 production tax distribution; Aitkin.** Allows the city of Aitkin to use its 2008 special distribution of taconite production tax revenues for any economic development project. Current law designated the distribution for sewer and water improvements for a housing project, which was not constructed.
- 3** **One-time 2013 production tax distribution; Cook.** Modifies a distribution of taconite funds made in the 2013 omnibus tax act to allow all the distribution to the city of Cook be used for street improvements, business park infrastructure, and a maintenance garage. The 2013 legislation dedicated three-quarters of the distribution for those purposes and the other one-quarter for a water line project.

Section

Article 6: Local Development Overview

Authorizes:

- The Ramsey County Housing and Redevelopment Authority (HRA) to establish housing improvement areas
- The Dakota County Community Development Agency (CCDA) to fund up to three housing projects under its allocation of federal low income housing credits.

Modifies the tax increment financing (TIF) law to provide:

- The 2010 Jobs Bill's extension of 5-year rule to extend through December 31, 2017, even if this is more than a ten-year extension
- The same fiscal disparities election authority to economic development districts as apply to any other type of TIF district.

Provides special law TIF authority for the cities of:

- Bloomington
- Eagan
- Edina
- Shoreview
- North St. Paul

1 Ramsey county HRA; housing improvement areas. Authorizes the Ramsey County HRA to exercise housing improvement area (HIA) powers. The HRA would be allowed to do this by resolution, rather than ordinance, as is required for cities exercising those powers. The city in which the housing improvement area would be established may veto it by resolution. Effective the day following final enactment.

Background. The 2013 legislature granted the Dakota County Community Development Agency equivalent authority.

An HIA is a defined area in a city in which housing improvements in condominium or townhome complexes may be financed with the assistance of the city, or the city's economic development authority (EDA) or HRA. The improvements that may be made under this law include improvements to the common elements in a condominium complex or townhome development. Examples include roofing, siding, landscaping, roadways, and walkways.

An HIA can only be established at the request (petition) of at least 50 percent of the owners of the housing units in the proposed area. If the petition is filed, then the city prepares an ordinance that:

- describes the area specifically;
- states the basis for imposing fees and the number of years the fees will be imposed;
- makes a finding that without the HIA, the proposed improvements could not be made;

Section

and

- specifies if the city, the EDA, or HRA will implement the ordinance.

In addition, the city must fully disclose the public expenditures and financing for the projects, and determine whether the association or the implementing agency will contract for the work.

Before adopting the ordinance, the city must hold a public hearing at which the proposed improvements, affected housing units, and the exempt units are listed. Fees can be imposed on the basis of the tax capacity (value) of the housing unit, total square footage of the housing unit, or a method determined by the city and specified in the resolution. Before a city uses an alternative method to set fees, it must make a finding that the alternative basis is more fair and reasonable. Potentially affected property owners may testify at the hearing. Those property owners may object in writing, and if the city agrees, may be excluded from the area or fee imposed.

The ordinance may be adopted within six months after the conclusion of the public hearing. If 45 percent or more of the affected residents file an objection, the HIA is not established.

The city may finance the housing improvements by:

- (1) advancing funds available to the city and then recovering the costs by charging the property owners fees; or
- (2) issuing bonds and then imposing fees or assessments to repay the bonds. The bonds are not included in the city's net debt and no election is required for their issuance.

Before imposing fees, the city must provide public notice and hold a public hearing. Within six months of the conclusion of the public hearing, the city may adopt a resolution to impose the fees.

Before the city imposes and collects the fee, the condominium or townhome association must develop a long-term plan to maintain the complex. The plan must address operations, maintenance, and necessary capital improvements of the common elements. It must identify financing for the projects. The association must also submit its audited financial report to the city annually.

- 2 Dakota CCDA; housing credit allocation.** Creates new eligibility for projects to use allocations of federal low income housing tax credits in the first round for Dakota CCDA. The tax credits are available for up to three projects for either new or rehabilitated multifamily housing, that is not restricted to those over 55, and is located in a commuter area located close to certain high frequency use transit stations, lines, and park and ride lots.

Effective without local approval for the 2015 allocation of housing credits.

- 3 Five-year rule.** Extends the special 5-year rule provision enacted in the 2010 Jobs Bill so that the extension runs through at least June 30, 2017, even if that period is longer than 10 years. The 2010 Jobs Bill extended the 5-year rule for affected districts (those certified between 6/30/2003 and 4/20/2009) to ten years. The section's change will affect districts certified before June 30, 2007.

- 4 Economic development districts; fiscal disparities option.** Allows cities to elect to make

Section

the fiscal disparities contribution for economic development districts in the same ways that are available for other types of districts. This will allow the city to elect to make the contribution out of the city's tax base. Under present law, the contribution must be made from the TIF district's increment.

- 5** **Bloomington.** Modifies the 2013 special legislation for the city of Bloomington that authorized expenditure of one year of the fiscal disparities increment from the Mall of America for the renovation or replacement of the Old Cedar Avenue Bridge. It allows any of the funds not needed to fund the bridge renovation or replacement to be used to improve trails that access the bridge.

- 6** **Eagan.** Allows the city of Eagan to elect to compute increment for the Cedar Grove redevelopment TIF district using the current tax rate, not the original tax rate in effect when the district was certified. This will increase increment revenues, since the original tax rate cannot be higher than the current rate.

Allows the city to extend the 5-year rule for TIF District 2-5, a redevelopment district, to seven years.

Effective upon local approval.

- 7** **Edina.** Authorizes the city of Edina to create one or more housing districts in its Southeast Edina Redevelopment Project Area through June 30, 2017. These housing districts would have a 15-year duration (as compared with 25 years under general law) and would be allowed to satisfy a lower level of affordability (10 percent of the units, as opposed to 40 percent under general law). The city could use revenues from its Southdale 2 economic development district to assist these housing developments under the general law rules that allow additional pooling for affordable housing developments.

Effective upon local approval.

- 8** **Shoreview.** Authorizes the city of Shoreview to establish economic development TIF districts for business retention and expansion. Increment from these districts may be used to assist qualified business, defined as businesses that:

- Already are operating in Shoreview, that do not have any substantial operations in Minnesota, or that are relocating operations from another state
- Provide an increase in manufacturing, research, service, or professional jobs, at least 75 percent of which will pay wages 25 percent higher than the area median
- Are not in retail sales or the provision of legal, medical, accounting, financial, entertainment, or similar services from the location

These districts are subject to special rules:

- The duration limit is extended from 8 to 12 years
- The nonqualifying space (e.g., general office space for a manufacturing facility) can

Section

be increased to 25 percent from the 15 percent limit under general law

- Up to 20 percent of the increments can be deposited in a business retention or expansion fund the city establishes. The city also is permitted to deposit increments from the pre-1990 district into this fund. The fund can be used for the same types of projects, but is otherwise free of the restrictions that would apply to tax increments.

Effective upon local approval.

- 9** **North St. Paul.** Allows the city of North St. Paul additional time to request certification of a redevelopment district using the general law “deeming” provision for a specified parcel. That provision allows a city in applying the redevelopment district test to deem a parcel as blighted (i.e., occupied by a substandard building) if the city or the developer has already removed a substandard building from the parcel and requests certification with three years. The section extends that 3-year period through December 31, 2016.

Article 7: Miscellaneous

Overview

Makes various changes in tax procedures and in provisions related to minor taxes, including:

- ▶ Modifies the existing Border City program by providing \$1.5 million in aid for 2014, and then \$3 million per year for 2015 through 2019.
- ▶ Modifies the notification process for license revocations for failure to file or pay state taxes.
- ▶ Modifies the allowed uses of a separate public safety levy in Anoka County.
- ▶ Authorizes a levy in the Carlton County Soil and Water Conservation District.
- ▶ Lowers the interest rate on confession of judgments for homestead properties.
- ▶ Provides purpose statements for new tax expenditures proposed in the bill.

- 1** **Notice of pending license revocation for nonpayment of taxes.** Requires a licensing authority (for professional and occupational licenses) to notify license holders by certified mail that their license may be revoked for failure to pay state tax of \$500 or more or for failure to file tax returns. The authority must send the notice within 10 days after it received notice from the Department of Revenue (DOR). The notice must include a copy of the DOR notice, as well as information on how the licensee can obtain a tax clearance from DOR to avoid the revocation. The licensing authority is required to revoke the license, unless it receives a tax clearance from DOR within 30 days after it received the original notice.

Effective date: July 1, 2014

- 2** **Notice and hearing.** Eliminates the requirement for DOR to send the notice to the licensee. (This is replaced by the licensing authority sending the notice under section 1.) Before DOR is allowed to notify the licensing agency it must (under present law) notify the licensee of its intent to require revocation and the licensee’s right to request a contested case hearing.

Section

Effective date: July 1, 2014

- 3** **Liquor posting.** Provides a cross reference to the exemption under section 4 to the liquor posting. The liquor posting law requires the commissioner of revenue to notify the commissioner of public safety of businesses that are ten or more days delinquent in paying various taxes (corporate franchise tax, withholding tax, or general sales tax). This notification prevents the business from purchasing alcoholic beverages from licensed wholesalers.
- 4** **Exemption for liquor posting.** Directs the commissioner to exempt businesses that are delinquent in paying sales tax (but not corporate franchise or withholding tax) from liquor posting, if they agree to an installment payment agreement with the commissioner and are no more than ten days delinquent under the agreement.
- 5** **Interest rate on unpaid property taxes; composite judgments.** Provides that the interest rate on unpaid taxes in a composite confession of judgment is limited to the rate provided in section 6 for judgments on parcels that consist in part of homesteaded property.

Effective for judgments entered into after June 30, 2015.

- 6** **Interest rate on unpaid property taxes.** Provides a lower interest rate for homesteaded property (both regular and disabled) on which the taxpayer/property owner has agreed to an installment payment agreement (commonly referred to as “confession of judgment”). Sets the rate for these payments as the greater of:
- ▶ 5 percent; or
 - ▶ 2 percentage points over the prime rate charged by banks to their most creditworthy borrowers.

The commissioner of revenue will annually determine the prime rate based on Federal Reserve data. The rate when the installment payment agreement is entered will be fixed (regardless of fluctuations in the prime rate over the term of the installment payment agreement) for the duration of the confession of judgment

Effective Date: For judgments entered into after June 30, 2015.

Background. Under present law, the interest rate on confession of judgments fluctuates between a minimum of 10 percent and maximum of 14 percent. For 2014 it is 10 percent. By contrast, the interest rate on unpaid state taxes is currently 3 percent. Over the last ten years it has fluctuated between 3 percent and 8 percent.

- 7** **Aircraft registration tax.** Makes a technical or clarifying change in the tax rate schedule for the aircraft registration tax enacted by the 2013 legislature to make it clear that the end point of each bracket includes all amounts up to the starting point of the next bracket. Existing law has a \$1 gap in the amounts. The change is effective at the same time as the 2013 change (for registrations beginning on July 1, 2014).
- 8** **Authority to levy property taxes and incur debt (Anoka County).** Expands Anoka

Section

County's current authority to levy property taxes to pay for bonds to fund countywide public safety improvements and equipment to also allow them to fund pay-as-you-go improvements and equipment. Effective for taxes payable in 2013 through 2023.

9 Treatment of levy (Anoka County). Allows the levy for both bond repayment and pay-as-you-go projects under section 5 to be a separate line item on the proposed property tax notice and the property tax statement. Repeals the exemption for the debt issued under section 5 from the net debt limits. Effective for taxes payable in 2013 through 2023.

10 Border zone allocations. Allocates \$1.5 million in calendar year 2014 and \$3 million per calendar year in 2015 through 2019 to the border city enterprise zone program. These allocations would expire, if they are unused, at the end of each calendar year. Under present law, the one-time allocations carryover until used. As with the one-time allocations, the cities (Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville) could allocate the amounts between the two programs – the border city enterprise zone and border city development zone programs. The latter program is focused on attracting new or expanding businesses, while the enterprise zone program is also available to existing businesses to offset the differential in tax and businesses costs with the neighboring states (North or South Dakota).

Effective date: July 1, 2014, but \$1.5 million is provided for calendar year 2014.

11 Business tax credit. Increase the maximum per worker tax credit that may be provided to border city businesses from \$1,500 to \$3,000.

12 Carlton County Soil and Water Conservation District. Authorizes Carlton County to impose a levy on behalf of the Carlton County Soil and Water Conservation District to pay for planning, constructing and equipping an office and storage facility for the District. Provides that the levy authority expires after the principal, interest, and any costs of a loan to finance the project have been paid off, or that the levy authority expires if the district is unable to obtain a loan for the project prior to May 1, 2017.

The levy authority is subject to local approval by the Carlton County board.

13 Purpose statements for tax expenditures. Provides purpose statements for various tax expenditures added by the bill as follows:

- Income tax subtraction for discharge of indebtedness income, in response to the national housing crisis.
- Income tax subtraction for National Guard members in Active Guard/Reserve status – to provide equitable tax treatment with other members of the military.
- Research credit for sole proprietors – to provide equitable tax treatment with other business types
- Estate tax situs rules for qualified art – to prevent Minnesota's estate tax from discouraging nonresident owners of art from loaning it to Minnesota nonprofit museums.

Section

- Sales tax exemption for coin-operated amusement devices – to reduce tax pyramiding
- Expansion of sales tax exemption for local governments – to reduce the cost of local services, remove a barrier to intergovernmental cooperation, and reduce compliance and administrative costs
- Sales tax exemption for fundraising sales by nonprofits – to reflect the impact of inflation and reduce compliance costs.
- Microdistillery credit – to encourage development and marketing of products by Minnesota niche distillers.

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.

Article 8: Unsession Overview

Eliminates and repeals obsolete provisions.

- 1 Debt; definition.** Strikes a reference to a “debt qualification plan” in the definition of “debt” in the state debt collection chapter. The department no longer uses debt qualification plans, but instead uses service level agreements. Effective the day following final enactment.
- 2 Referring agency; definition.** Replaces a reference to “debt qualification plan” with “agreement” in the definition of “referring agency” in the state debt collection chapter. The department no longer uses debt qualification plans, but instead uses service level agreements. Effective the day following final enactment.
- 3 Collection services for referring agencies.** Strikes a reference to a “debt qualification plan”. The department no longer uses debt qualification plans, but instead uses service level agreements. Effective the day following final enactment.
- 4 Contracts for collection of debt.** Removes references to the commissioner of management and budget, since current practice is for the commissioner of revenue to contract directly with collection entities. Effective the day following final enactment.
- 5 Notice to debtor.** Moves the requirement that the commissioner advise debtors of collection costs and the right to cancellation from the section of statute imposing collection costs to the section requiring notice to debtors. Effective the day following final enactment.
- 6 Imposition of collection costs.** Strikes the requirement that the commissioner advise debtors of collection costs, which is reinstated in section 5. Strikes an obsolete sentence appropriating collection costs collected by private agencies to referring agencies to pay collection fees because collection fees to private agencies are now paid by the department. Also strikes an outdated reference to the commissioner of management and budget.

Section

Effective the day following final enactment.

- 7 **Cancellation of collection costs.** Strikes references to the no longer existing unit of the department of revenue that collected only nontax debt. The entire Collection Division collects both tax and nontax debt. Effective the day following final enactment.
- 8 **Rate for collection costs.** Strikes references to the no longer existing unit of the department of revenue that collected only nontax debt. The entire Collection Division collects both tax and nontax debt. Effective the day following final enactment.
- 9 **Reforestation areas, 1931.** Eliminates obsolete tax references (to property tax base amounts in 1931) under a program allowing counties to apply for the state takeover of lands for reforestation.
- 10 **Reforestation areas, 1933.** Eliminates obsolete tax references (to property tax base amounts in 1933) under a program allowing counties to apply for the state takeover of lands for reforestation.
- 11 **Drycleaner fee.** Provides that sellers of dry cleaning solvents must file their returns and pay the tax at the same time and in the same manner that they pay their sales tax. Effective for fees due after June 30, 2014.
- 12 **County road and bridge levy.** Eliminates an obsolete reference to the tax on money and credits. This tax has not been imposed since the 1940s and was formally repealed in 1979.
- 13 **State board of equalization.** Strikes an unnecessary phrase relating to the continuation of the state board of equalization, since remaining language provides that the commissioner may exercise all powers of the board. Effective the day following final enactment.
- 14 **State board of equalization.** Strikes paragraphs authorizing the board to reduce aggregate valuations, and amends paragraphs allowing for increases in valuations to allow for increases or decreases. Effective the day following final enactment.
- 15 **State board of equalization; public utility property.** Strikes unnecessary language providing that public utility property is treated as a separate class of property notwithstanding the fact that its class rate is the same as that of commercial industrial property. Effective the day following final enactment.
- 16 **Claimant agency; revenue recapture.** Strikes references to the no longer existing unit of the department of revenue that collected only nontax debt. The entire Collection Division collects both tax and nontax debt. Effective the day following final enactment.
- 17 **Data practices; biotechnology zones.** Eliminates a reference to the biotechnology and health science industry zone in the DOR data practices law. Section 94 repeals the biotechnology zone law, which has not been funded since the FY 2004-05 biennium.
- 18 **Notification requirements; sales and use taxes.** Strikes an outdated requirement that the electronic notification of sales tax permit holders begin no later than December 31, 2009. Effective the day following final enactment.

Section

- 19 Payment agreement fee.** Strikes obsolete language that indicates the payment agreement fee reflects the commissioner's costs for entering into payment agreements. When the payment agreement fee was initially proposed, it was a flat \$25 fee that was adjusted annually to reflect the commissioner's costs. It was subsequently changed to a flat \$50 fee with no annual adjustment, but the language referencing the commissioner's costs was not removed. Effective the day following final enactment.
- 20 Exempt property.** Strikes language exempting specific personal property, which is covered by the remaining general-exemption language for personal property. Effective the day following final enactment.
- 21 Exceptions to exemption from taxation.** Strikes an obsolete references to telegraph companies (the outdated communication system of sending messages by telegram). Effective the day following final enactment.
- 22 Time for filing exemption statements.** Strikes a cross reference to a subdivision repealed by section 94.
- 23 Utility personal property.** Strikes a cross reference to a subdivision repealed by section 94 and to a previously repealed subdivision.
- 24 Wind energy production tax.** Eliminates obsolete language governing past distributions of wind energy production tax revenues.
- 25 Market value definition.** Strikes a reference to class 2e property, which is being eliminated in article 2.
- 26 County assessor salaries.** Removes obsolete assessor salary scales and compensation for city and county assessors. This language provides minimum compensation levels that are far below current assessor salaries. Effective the day following final enactment.
- 27 Assessment books; school districts.** Removes the requirement that school district numbers be recorded in paper assessment books. At the present counties electronically maintain the required information about the school district in which property lies. Effective the day after final enactment.
- 28 Valuation of income-producing property.** Strikes language specifying that only certain assessors may value income-producing property, "Beginning with the 1995 assessment." Because the 1995 assessment is long past, this phrase is now obsolete. Effective the day following final enactment.
- 29 Private golf club guidelines.** Strikes obsolete language that required the commissioner to mail qualification guidelines related to outdoor recreation space for private golf courses to county attorneys and county assessors within 60 days of May 26, 1989, and for assessors to mail those guidelines to each golf club in the county within 15 days of receiving the guidelines from the commissioner. Effective the day following final enactment.
- 30 Sales ratio.** Updates a cross-reference to reflect changes in section 14.

Section

- 31 Disparity reduction aid.** Provides that disparity reduction aid (DRA) is not recalculated each time there is a change in class rates.
- 32 Assessment books; exempt property.** Removes the requirement that exempt property be recorded in paper assessment books. At the present counties electronically maintain the required information about exempt property. Effective the day after final enactment.
- 33 Board meetings.** Strikes an obsolete requirement that assessors bring assessment books and papers to board meetings, and update information in paper assessment books. At present, counties maintain assessment information electronically. Effective the day after final enactment.
- 34 Special boards of review.** Strikes superfluous language that includes cities with charters that provide for a board of equalization in those cities authorized to appoint special boards, since the underlying language allows all cities to appoint special boards. Effective the day after final enactment.
- 35 Computation of tax capacity.** Strikes outdated references to taxes payable in 1989 and 1990. Effective the day after final enactment.
- 36 Local tax rate.** Strikes outdated references to taxes payable in 1989 and 1990. Effective the day after final enactment.
- 37 Special levies.** Eliminates obsolete provisions from the definition of special levies under general law. This provision is not now in effect; the 2014 levy limits were imposed under a temporary, uncodified provision of law that only recognized selected special levies.
- 38 Special levy authorization.** Updates a cross-reference to reflect changes in section 37.
- 39 Special levy exemption.** Updates a cross-reference to reflect changes in section 37.
- 40 Interest on delinquent property taxes.** Eliminates obsolete language relating to calculation of interest on delinquent property taxes. Since 1991, these rates have been superseded by the rates set in subdivision 1a.
- 41 Real estate tax judgments.** Strikes obsolete references to paper judgment books. These records are now maintained electronically. Effective the day after final enactment.
- 42 Transmittal of judgments to county auditor.** Strikes obsolete references to paper judgment books. These records are now maintained electronically. Effective the day after final enactment.
- 43 Payment before judgment.** Strikes obsolete references to paper judgment books. These records are now maintained electronically. Effective the day after final enactment.
- 44 Installment payments for tax-forfeited property.** Replaces obsolete references to 1941 statutes with references to current statutes. Effective day following final enactment.

Section

- 45 Tax judgment sales.** Removes obsolete date-specific language related to public sales of property against which there is a tax judgment. Effective the day following final enactment.
- 46 Certificate of sale.** Strikes an obsolete references to telegraphs. Effective the day following final enactment.
- 47 Recording of sales.** Strikes obsolete references to paper judgment books. These records are now maintained electronically. Effective the day after final enactment.
- 48 Tax judgment sales.** Removes obsolete date-specific language related to public sales of property against which there is a tax judgment, and also strikes obsolete references to telegraphs. Effective the day following final enactment.
- 49 Auditor's certificate.** Strikes obsolete references to paper judgment books. These records are now maintained electronically. Effective the day after final enactment.
- 50 Redemption period.** Strikes obsolete redemption provisions for land in the Loring Park neighborhood for redemption periods beginning after June 30, 1991, but before July 1, 1996. Effective the day following final enactment.
- 51 Tax judgments.** Strikes obsolete references to paper judgment books. These records are now maintained electronically. Effective the day after final enactment.
- 52 Duties after sale.** Strikes obsolete references to telegraphs. Effective the day following final enactment.
- 53 Easements.** Strikes obsolete references to telegraphs. Effective the day following final enactment.
- 54 Repurchase of tax-forfeited property.** Strikes obsolete date-specific language. Effective the day following final enactment.
- 55 Service fee.** Strikes obsolete date-specific language. Effective the day following final enactment.
- 56 Conditions of repurchase.** Strikes obsolete references to telegraphs. Effective the day following final enactment.
- 57 Forfeited land.** Strikes obsolete references to session laws. Effective the day following final enactment.
- 58 Documentary stamps.** Removes references to obsolete deed tax documentary stamps, which are no longer used to reflect that deed tax has been paid. Effective the day following final enactment.
- 59 Estimated tax.** Strikes duplicative language that says estimated payments are not required if the estimated tax is less than \$500, which appears elsewhere in chapter 289A.

Section

- 60 Domestic corporation.** Eliminates references to domestic international sales corporations and foreign sales corporations, entities which no longer exist under federal law. Effective beginning in tax year 2014.
- 61 Subtractions from taxable income; corporations.** Strikes an obsolete subtraction for the difference between state-allowed and federally-allowed intangible drilling costs, which applied to costs incurred in taxable years prior to 1987. Effective beginning in tax year 2014.
- 62 Basis modifications.** Strikes obsolete language related to the Accelerated Cost Recovery System (ACRS). All assets placed in service using ACRS have now been completely depreciated, and Minnesota now uses the same depreciation schedule as federal law, making the adjustments stricken obsolete. Effective for taxable years beginning after December 31, 2013.
- 63 Taxable income definition.** Eliminates reference to the biotechnology and health science industry zone in the definition of taxable income. Section 94 repeals the biotechnology zones, which have not been funded since the FY 2004-05 biennium. Effective beginning in tax year 2014.
- 64 Jurisdiction to tax.** Strikes an obsolete reference to telegraphs. Effective the day following final enactment.
- 65 Annual accounting period.** Strikes obsolete language regarding accounting periods. Because Minnesota's tax calculation starts with federal taxable income, income taxpayers must use the same accounting periods for Minnesota purposes as used for federal purposes. Effective for taxable years beginning after December 31, 2013.
- 66 Accounting periods.** Strikes directions on changing accounting periods, since Minnesota income taxpayers must use the same accounting periods for Minnesota purposes as used for federal purposes. Effective for taxable years beginning after December 31, 2013.
- 67 Alternative minimum tax; corporations.** Strikes an obsolete adjustment for the difference between state-allowed and federally-allowed intangible drilling costs, which applied to costs incurred in taxable years prior to 1987. Also eliminates the exemption for biotechnology and health science industry zone income under the corporate alternative minimum tax. Effective beginning in tax year 2014.
- 68 Minimum fee.** Eliminates the exemption for biotechnology and health science industry zone factors (property and payrolls) under the minimum fee. Effective beginning in tax year 2014.
- 69 Net operating loss carryover.** Strikes obsolete language regarding net operating losses incurred in taxable years beginning before January 1, 1987, which allowed five-year carryovers and three-year carrybacks. These periods are now complete. The remaining language allows losses incurred in taxable years beginning after January 1, 1987 to be carried over for fifteen years. Effective for taxable years beginning after December 31, 2013.

Section

- 70 Sales of tangible personal property.** Strikes a phrase made obsolete by previous changes to the sales factor regarding sales of tangible personal property made within this state. Effective the day following final enactment.
- 71 Taxable income; S corporations.** Strikes a reference to depreciation modifications made obsolete by the changes in section 62. Effective beginning in tax year 2014.
- 72 Sales and purchase; admissions.** Strikes a reference to “Turkish baths” which are included in the definition of “steam baths”. Effective the day following final enactment.
- 73 Nonprofit tickets or admissions.** Strikes language that phased-in the requirement that the nonprofit’s annual revenue include a fixed percentage of voluntary contributions, which is obsolete since the phase-in was completed in 2004, at 5 percent. Effective the day following final enactment.
- 74 Sales tax refunds.** Eliminates obsolete reference to sales tax refunds for the Long Lake Conservation Center which has been completed and a meat processing facility that was never built. Effective the day after final enactment.
- 75 Cross references.** Updates cross references to reflect changes made in section 74.
- 76 Cross references.** Updates cross references to reflect changes made in section 74.
- 77 Deposit of revenues.** Strikes deposit percentages that relate to past years 2001, 2002, 2003, and 2004 for the deposit of Lottery in lieu of taxes. Effective the day following final enactment.
- 78 Allocation of revenues.** Strikes deposit allocation provisions that relate to past years 2007, 2008, 2009, 2010 and up to June 30, 2011, for motor vehicle sales tax. Effective the day following final enactment.
- 79 Cigarette license application forms.** Strikes specific items required on cigarette and tobacco products license application forms; underlying statute provides for the commissioner to prescribe the form. Effective the day following final enactment.
- 80 Life insurance tax rate.** Eliminates obsolete references to now expired insurance premiums tax rates on life insurance.
- 81 Aggregate tax.** Eliminates references to specific counties in the aggregate tax statute. Under present law, any county is now authorized to impose this tax. Effective on January 1, 2015.
- 82 Assessor salaries.** Removes obsolete assessor salary scales and compensation for city and county assessors. This language provides minimum compensation levels that are far below current assessor salaries. Effective the day following final enactment.
- 83 Police and fire retirement supplemental aid.** Strikes outdated language inadvertently retained after the changes made by Laws 2013, Chapter 143. Effective the day after final enactment.

Section

- 84** **Acceptance of gifts.** Eliminates the market value limitations on the types of second, third, and fourth class cities that are authorized to receive gifts, including gifts that are partially repaid as annuities.
- 85** **Compact development TIF districts.** Eliminates reference to compact development TIF districts. The authority to establish these districts expired in 2012 and was apparently never used.
- 86** **TIF administrative expenses.** Eliminates obsolete language in the TIF statute governing administrative expenses.
- 87** **TIF; biotech zones.** Clarifies that the special TIF authority for biotechnology and health science industry zones can be used until those zones expire. This authority is not dependent on state funding of the zone and remains viable until the three zones (in Minneapolis, St. Paul., and Rochester) expire at the end of 2015.
- 88** **MAC bonds.** Eliminates an obsolete reference to the tax on money and credits in a Metropolitan Airports Commission bonding statute. This tax has not been imposed since the 1940s and was formally repealed in 1979.
- 89** **County program aid.** Removes outdated provisions for 2009 county program aid to Pine County, which has already been paid and is no longer effective. Effective the day following final enactment.
- 90** **Local government aid.** Strikes references to the road accident factor, which is no longer used as a factor for calculating local aid. Effective the day following final enactment.
- 91** **County program aid.** Strikes a cross-reference to a provision repealed in section 94. Effective the day after final enactment.
- 92** **Cost of transcripts.** Strikes a cross-reference to a provision repealed in section 94. Effective the day after final enactment.
- 93** **Revisor's Instruction.** Instructs the Revisor of Statutes to make all necessary cross references in Minnesota Statutes and rules and other changes consistent with the changes made in this article.
- 94** **Repealer.** Repeals the following statutes:

Statute	Description
16D.02, subs. 5 and 8	Provides definitions of “debt qualification plan” and “enterprise” which are no longer used.
16D.11, subd. 2	Obsolete computation and requirement to return debts.
270C.131	Quarterly sales tax reports no longer used by Explore Minnesota Tourism.

Section

- 270C.53 Authority to abate the liability of a taxpayer who is not able to pay a delinquent tax liability if the taxpayer agrees to perform uncompensated public service; which according to DOR has not been used in a number of years.
- 270C.991, subd. 4 Authorization for the property tax working group, which has completed its work.
- 272.02, subds. 1, 1a, 43, 48, 51, 53, 67, 72, and 82 Personal property tax exemptions for public utility projects that were not constructed.
- 272.027, subd. 2 Personal property tax exemption for public utility project that was not constructed.
- 272.031 Unnecessary language specifying that abbreviations may be used in property tax records.
- 273.015, subd. 1 Requirement that property tax statements be rounded to the nearest even cent. Counties round property tax to the nearest dollar, which makes this provision obsolete.
- 273.03, subd. 3 Superfluous language specifying that other laws that are not inconsistent with certain statutes continue in full force and effect.
- 273.075 Instructional courses for certain assessors and auditors that were funded with a 1971 appropriation.
- 273.1103 Net debt conversion from full and true market value to assessed market (this was completed in the 1970s and replaced by net tax capacity in 1989).
- 273.1383 1997 flood loss replacement aid.
- 273.1386 2002 flood loss replacement aid.
- 273.1398, subd. 4b Obsolete provision related to the state takeover of court costs.
- 273.80 Distressed homestead reinvestment exemption for homes damaged before May 1, 2003.
- 275.77 Temporary suspension of new or increased maintenance of effort requirements – expired July 1, 2011.
- 279.32 Obsolete provision related to lands with delinquent tax repurchased before 1936.
- 281.173, subd. 8 Limits the applicability of statute relating to the redemption periods for certain abandoned properties to tax judgment sales on or after

Section

	April 13, 1996.
281.174, subd. 8	Limits the applicability of statute relating to the redemption periods for certain vacant properties to tax judgment sales on or after April 13, 1996.
281.328	Obsolete provision validating assignment certificates issued before January 1, 1972.
282.10	Obsolete provision authorizing reimbursement of tax forfeiture purchases made before 1940 that are invalidated by a court.
282.23	Obsolete provision related to tax forfeiture sales in 1926 and 1927.
287.20, subd. 4	Definition of “documentary stamps,” which is obsolete because such stamps are no longer used to verify that deed tax has been paid on recorded conveyances.
287.27, subd. 2	Authorization for use of tax meter machines to affix documentary stamps. Counties no longer use either tax meter machines or documentary stamps.
289A.56, subd. 7	Biotechnology and health science industry zone refund authority.
290.01, subd. 4b	Definition of “mutual property and casualty insurance company,” which is no longer used in Chapter 290 since its reference was repealed from section 290.05 in 2001.
290.01, subd. 19e	Obsolete depreciation modifications for corporations.
290.01, subd. 20e	Modification in computing taxable income of the estate of a decedent that duplicates provisions in 290.01, subd. 19, and 291.03, subd. 1a.
290.06, subd. 30	Biotechnology and health science industry zone – job credit.
290.06, subd. 31	Biotechnology and health science industry zones – research credit.
290.0674, subd. 3	K-12 education credit reduced by AMT liability.
290.191, subd. 4	Single sales apportionment by mail order sales companies – this is obsolete (as of tax year 2014), since single sales apportionment applies to all businesses.
290.33	Obsolete law outlining administration of a tax imposed in the middle of a calendar year. DOR no longer relies on this law; instead, each law change is enacted with an appropriate effective date.
290C.02, subsd. 5 and 9 and 290C.06	Calculation of average estimated market value (EMV) of class 2c land under the Sustainable Forest Incentive Act (SFIA) program – this calculation is obsolete, since the SFIA payment is now a flat amount

Section

- per acre and is unaffected by the EMV of class 2c land.
- 295.52, subd. 7 Temporary tax rate reduction of the MinnesotaCare tax for the years 1998 to 2003.
- 297A.666 Streamlined Sales and Use Tax Agreement amnesty provision for remote sellers who voluntarily agree to register and collect sales tax
- 297A.68, subd. 38 Biotechnology and health science industry zone sales tax exemption.
- 297A.71, subds. 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41 Sales tax exemptions for projects that have been completed, expired, or both.
- 297F.08, subd. 11 Cigarette tax provision relating to railroad sleeping car companies as distributors. According to DOR, there are no licensed distributors who identify themselves as railroad sleeping car companies.
- 297H.10, subd. 2 Solid waste management tax penalty for failure to file, which replicates language in subd. 1.
- 469.174, subd. 10c Definition of compact development TIF districts – the authority to establish these districts expired in 2012.
- 469.175, subd. 2b Sunset of compact development TIF district authority.
- 469.176, subd. 1i Permitted use of increments for compact development TIF districts.
- 469.1764 Pre-1982 TIF districts – these districts have now all been decertified; any remaining increments would be required to be returned.
- 469.177, subd. 10 Distribution of TIF revenues generated by referendum levies to school districts – this provision is obsolete since all of these operating referenda levies are now spread on market value, which do not generate tax increment.
- 469.330 Biotechnology and health science industry zones definitions – these zones have not received state funding for their tax incentives since the FY 2004-05 biennium.
- 469.331 Biotechnology and health science industry zones development plan.
- 469.332 Biotechnology and health science industry zone limits.
- 469.333 Biotechnology and health science industry zones application for designation.
- 469.334 Biotechnology and health science industry zones designation of zones.
- 469.335 Biotechnology and health science industry zone application for tax

Section

	benefits.
469.336	Biotechnology and health science industry zone tax incentives.
469.337	Biotechnology and health science industry zone corporate franchise tax exemption.
469.338	Biotechnology and health science industry zone jobs credit.
469.339	Biotechnology and health science industry zone research credit.
469.340, subds. 1, 2, 3, 4, and 5	Biotechnology and health science industry zones – zone performance; remedies.
469.341	Biotechnology and health science industry zones – zone performance; remedies.
477A.0124, subds. 1 and 6	Calendar year 2004, 2011, and 2012 county program aid distributions.
505.173	Authority to correct plats that expired in 1953.
Laws 1993, ch. 375, art. 9, § 47	Authorization for the city of Garrison to impose a local, general sales tax; this authority was never used.
M.R. p. 8002.0200, subp. 8	Individual net operating loss rule made obsolete as a result of numerous law changes since the rule was promulgated in the 1970's.
M.R. 8100.0800	Phase-in of utility property valuation changes that is fully accomplished.
M.R. 8130.7500, subp. 7	Provisions related to microfilm reproductions of records, which are no longer used.
M.R. 8130.8900, subp. 3	Telegraphic orders made by florists and nurseries.
M.R. 8130.9500, subps. 1, 1a, 2, 3, 4, and 5	Aircraft registration made obsolete since aircraft are now registered through the Office of Aeronautics, Department of Transportation.
M.R. part 8007.0200	Rule relating to changes in accounting methods, which is obsolete because income taxpayers must use the same accounting periods for Minnesota purposes as used for federal purposes.

Section

Article 9: Department of Revenue – Technical and Policy Property Tax Provisions

Overview

Makes miscellaneous technical and policy changes to property tax law recommended by the Department of Revenue.

- 1 Clerical corrections on state assessed values.** Allows the commissioner to make clerical corrections to state assessed values until December 31 of the assessment year. Effective the day following final enactment.
- 2 Clerical corrections on wind energy production.** Allows the commissioner to make clerical corrections relating to Wind Energy Production amounts up until December 31 of the year. Effective the day following final enactment.
- 3 Clerical corrections.** Allows county assessors to make clerical corrections relating to personal as well as real property valuations. Effective the day following final enactment.
- 4 School district adjusted net tax capacity reporting deadline.** Changes the deadline for the Department of Revenue to file its annual adjusted net tax capacity report from June 15 to June 30. Effective January 1, 2014.
- 5 Clerical corrections on pipeline values.** Allows the commissioner to make clerical corrections to state assessed pipeline values until December 31 of the assessment year. Effective the day following final enactment.
- 6 Clerical corrections on transmission line values.** Allows the commissioner to make clerical corrections to transmission line values until December 31 of the assessment year. Effective the day following final enactment.
- 7 Clerical corrections on state assessed values.** Allows the commissioner to make clerical corrections to state assessed values until December 31 of the assessment year. Effective the day following final enactment.
- 8 Local Board of Appeal and Equalization (LBAE) meeting places.** Allows LBAEs to meet at a central location within the county or at the office of the town or city clerk. Current law requires the meetings be held at the office of the clerk. Effective the day following final enactment.
- 9 Certification and training dates for Local Boards of Appeals and Equalization (LBAEs).** Changes the date by which the LBAEs must provide proof that they have complied with training requirements from December 1 to February 15. Also changes the deadline from December 1 to February 15 for local boards whose powers are transferred to the county to file the required resolutions and proofs of compliance with training requirements to the county assessor in order to have their powers restored. Effective beginning with LBAE meetings held after December 31, 2014.
- 10 Sustainable Forest Incentive Act (SFIA)–managed forest land.** Clarifies that land

Section

classified as 2c, managed forest land, cannot be enrolled in the SFIA program. Effective for certifications and applications due in 2014 and thereafter.

- 11 Amortization aid reference.** Corrects an internal reference to a repealed subdivision by providing the appropriate subdivision. Effective retroactively from June 1, 2013, the date that section 423A.02, subd. 1, became effective.
- 12 Payments in Lieu of Tax (PILT) calculations.** Corrects payments for wildlife management land to use the same formula as other payments in lieu of tax for other land. Effective July 1, 2014.
- 13 Payments in Lieu of Tax (PILT) calculations.** Clarifies that a township with qualifying land receives ten percent of the payment a county receives for the land in that township. Effective July 1, 2014.
- 14 Revisor's instruction.** Instructs the Revisor to replace the term "class rate" with the term "classification rate" wherever it appears in statute.
- 15 Repealer. Sustainable Forest Incentive Act (SFIA) payment calculation.** Repeals sections that contain an obsolete formula for SFIA payments. Also repeals an unnecessary definition for the term "class rate." Effective the day following final enactment.

Article 10: Department of Revenue – Technical and Policy Income, Sales, and Miscellaneous Tax Provisions

Overview

This article makes changes in income, sales, and miscellaneous tax provisions, as recommended by the Department of Revenue (DOR).

- 1 Procedure to request abatement.** Clarifies that taxpayers requesting abatement of penalties may at the same time request abatement of related interest and the additional tax charge. Under current law the commissioner may abate all these items. Effective the day following final enactment.
- 2 Limitations period for assessment.** Extends the time period in which the commissioner may make a personal liability assessment to within one year of a final administrative or judicial determination of the underlying business tax. Current law limits the commissioner to make a personal liability assessment within the prescribed period of limitations for assessing the underlying business tax, or within one year after the date of an order assessing the underlying tax, whichever period expires later, with the result that the personal liability assessment must be made before the final determination of the amount of the underlying business tax. Effective the day following final enactment.
- 3 Withholding tax return due dates.** Changes the due date of the fourth quarter withholding tax return from February 28 to January 31, or to February 10 if all withholding deposits for the quarter have been timely made. This change makes the state fourth quarter withholding tax due date the same as the federal due date. Effective for returns due after January 1, 2016.

Section

Also relieves some seasonal employers from having to file withholding tax returns for periods of anticipated inactivity, unless they pay wages during that period. Effective for wages paid after December 31, 2015.

4 Determination of sales factor; corporate apportionment. Strikes a reference in the sales factor to sales of tangible personal property made within this state that limited it to taxpayers with nexus in Minnesota. Effective the day following final enactment.

5 Dyed fuel. Clarifies that dyed biodiesel and dyed biodiesel blends are included in the definition of dyed fuel. Effective the day following final enactment.

6 Special revenue account appropriation. Provides annual appropriation language for the amounts the commissioner of revenue is authorized to deduct as reimbursement of its indirect costs for administering the collection and remittance of the prepaid wireless E911 fee and the prepaid wireless telecommunications access Minnesota fee. Effective retroactively from January 1, 2014, the date that the fees took effect.

7 Contribution in aid of construction. Retroactively amends the effective date for a provision enacted in Laws 2013, Chapter 143 that provided that payments to cooperative electric associations or public utilities as a contribution in aid of construction are not retail sales to be the day following final enactment (May 23, 2013), rather than July 1, 2013.

8 Repealer.

Florists and nurseries. Repeals Minnesota Rules 8130.8900, subpart 3, to delete language regarding sourcing of telegraphic orders by florists and nurseries for sales tax purposes that is obsolete since sourcing rules for florists were added to the statutes in 2011. Effective the day following final enactment.

Aircraft registration. Repeals Minnesota Rule 8130.9500 in its entirety, as the reporting and registration requirements in the rule are obsolete. Aircrafts are now registered through the Office of Aeronautics, Department of Transportation, by using its aircraft registration application and procedures. Effective the day following final enactment.