

# Bill Comparison Summary of House File 4385, Third Engrossment/ House File 4385, Second Unofficial Engrossment

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
1	<p><b>Revenue recapture for medical care debts; indexing.</b> Modifies the inflation indexing of the income-based exemptions for debtors with medical care debts under the revenue recapture program to adopt the new federal indexing rules based on the Chained Consumer Price Index for Urban Consumers (C-CPI-U). This section also resets the dollar amounts to the 2018 levels.</p> <p><b>Background and chained CPI.</b> Tax Cuts and Jobs Act (TCJA) converted inflation indexing in federal tax law from the CPI-U to C-CPI-U. Chained CPI accounts for the fact that consumers often change their consumption habits when prices increase by substituting for other goods. The index does that by regularly modifying (or “reweighting”) the market basket of goods and services whose prices are used in measuring price changes. By contrast, CPI-U uses a fixed market basket of goods and services that does not regularly change. Chained CPI tends to increase more slowly than CPI-U. This means that provisions that are indexed for inflation will grow more slowly than they did under prior law.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 1. Same.</b></p>
2	<p><b>Update; administrative and compliance chapter.</b> Updates chapter 289A for federal changes through March 31, 2018.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 2. Same.</b></p>
3	<p><b>Filing requirements.</b> Authorizes the commissioner of revenue to establish individual income tax filing requirements that differ from federal law based on the Minnesota standard deduction and exemption amounts set under section 46. Present law bases the Minnesota filing requirement on the requirement to file a federal return. Since the article converts the starting point for the Minnesota income tax from FTI to FAGI with a Minnesota standard deduction that is lower than the new federal standard deduction, there may be situations where individuals will have no federal filing requirement but will be obligated to pay Minnesota tax.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 3. Similar.</b> Cross references additional section allowing personal and dependent exemptions.</p>
4	<p><b>Cross reference change.</b> Modifies statutory cross references in the composite return filing requirement for nonresident partners and S corporation shareholders to reflect the changes made by the article.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 4. Similar.</b> Omits cross reference to provision not included in Senate article.</p>
5	<p><b>Conforming change.</b> Changes a reference from FTI to FAGI (in the information reporting for exempt interest dividends) to reflect the article’s change in the starting point of the individual income tax from FTI to FAGI.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 5. Same.</b></p>
6	<p><b>Conforming change.</b> Adds a reference to FAGI in the commissioner’s assessment authority, consistent</p>	<p><b>Section 6. Same.</b></p>

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
	<p>with the article’s change in the starting point of the individual income tax from FTI to FAGI. <b>Effective date:</b> Tax year 2018.</p>	
7	<p><b>Surviving spouse definition.</b> Defines “surviving spouse” (linked to the federal definition) for purposes of the individual income tax chapter, since this term is now used multiple times in the chapter. A surviving spouse is an unmarried individual whose spouse died in one of the two preceding tax years and who maintains a separate household. <b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 7. Same.</b></p>
8	<p><b>Net income definition.</b> Modifies the definition of net income to provide that the starting point for computing Minnesota individual income tax will be FAGI (rather the FTI). Estates, trusts, and C corporations will continue to use FTI. For taxpayers with deemed repatriation income under TCJA that elect to pay the federal tax in eight installments, net income will include proportionate amounts of that income in each of the appropriate tax years. (Under federal law, all of the income is included in tax year 2017, but the tax is paid in installments.) <b>Effective date:</b> Day following final enactment; adopting the FAGI starting point is effective for tax year 2018; changes incorporated by reference to federal provisions at the same time as they are effective for federal purposes.</p>	<p><b>Section 8. Similar.</b> Slight differences in cross references and omits reference to deferred foreign income, since the Senate article excludes that income from taxation.</p>
9	<p><b>Adjusted gross income definition.</b> Adds a definition of “adjusted gross income” and “federal adjusted gross income” that refers to federal law to minimize the need to include repeated references to section 62 of the Internal Revenue Code. This definition also requires taxpayers to have consistent elections for federal and Minnesota purposes on items that affect computation of FAGI (e.g., the cost recovery method that businesses use to compute their income). <b>Effective date:</b> Day following final enactment.</p>	<p><b>Section 9. Similar.</b> Lists both terms in headnote.</p>
10	<p><b>Taxable net income definition.</b> Modifies the definition of taxable net income to reflect section 46’s adoption of Minnesota itemized and standard deductions and personal exemptions. <b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 10. Similar.</b> Limits nonresidents to the standard deduction.</p>
	<p><b>Section 46</b> provides itemized deductions under the House article.</p>	<p><b>Section 11. State itemized deductions.</b> Sets itemized deductions as federal itemized deductions prior to passage of TCJA, but excluding sales and income taxes as deductible taxes and including mortgage insurance premiums as deductible mortgage interest. Conforms to the TCJA provision to reduce the floor for the medical expense deduction from ten percent to 7.5 percent for tax years 2017 and 2018.</p>
	<p><b>Section 46</b> provides standard deduction under the House article.</p>	<p><b>Section 12. State standard deduction.</b> Sets the standard deduction as equal to the federal standard deduction prior to passage of TCJA, except that it will be indexed using C-CPI-U.</p>

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11	<p><b>Chapter 290 update.</b> Adopts the changes to the Internal Revenue Code made since December 16, 2016, for purposes of the individual income and corporate franchise taxes. This will adopt the changes in federal law, the most significant of which were made by TCJA and the BBA 2018.</p> <p><b>Effective date:</b> Day following final enactment; changes incorporated by reference to federal provisions are effective at the same time as they are effective for federal purposes</p>	<p><b>Section 13. Same.</b></p>
12	<p><b>Additions to income; scope.</b> Modifies the scope subdivision of the section providing individual income tax additions to income to be consistent with the article’s change in the starting point of the individual income tax from FTI to FAGI.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 14. Same.</b></p>
13	<p><b>State and local income and sales taxes.</b> Limits the addition for state and local income taxes and sales taxes to estates and trusts, since only those entities will continue to use FTI (which incorporates the federal deduction for state and local income taxes) in calculating Minnesota tax. The limitation on the deduction to the amount of the standard deduction is repealed, since trusts and estates are not allowed to elect the standard deduction.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 15. Same.</b></p>
14	<p><b>Section 179 addition.</b> Conforms to the federal section 179 allowances (allowing expensing for qualifying equipment purchases by businesses) for individuals, including pass-through entities, by limiting the addition to amounts deducted for federal purposes in taxable years before 2018. This change would allow individual income taxpayers the full section 179 deduction for property placed in service starting in tax year 2018.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 16. Similar.</b> Conforms effective for property placed in service in tax year 2019.</p>
	<p><b>Section 46</b> provides the phase-out of itemized deductions under the House article.</p>	<p><b>Section 17. Disallowed itemized deductions.</b> Modifies the phase-out of itemized deductions to reflect that these are now specified in section 11 and converts the indexing to the C-CPI-U.</p>
	<p><b>Section 46</b> provides the phase-out of personal and dependent exemptions under the House article.</p>	<p><b>Section 18. Disallowed exemptions.</b> Modifies the phase-out of the personal and dependent allowances to reflect that these are now specified in section 35 and converts the indexing to the C-CPI-U.</p>
15	<p><b>Foreign-derived intangible income (FDII).</b> Requires amounts deducted under TCJA’s deduction for foreign-derived intangible income to be added back to FAGI for individuals (S corporation shareholders) who claim the deduction. FDII allows domestic corporations (including S corporations) with income from selling goods or services to foreign purchasers to deduct a percentage of that income. The amount of the deduction is determined under a complicated formula with percentages that vary from year to year and are subject to a variety of limitations and exclusions.</p>	<p><b>Section 20. Same.</b> (different subdivision number)</p>

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
	<b>Effective date:</b> Tax year 2018.	
16	<b>529 Plan distributions.</b> Requires distributions from 529 Plans (Qualified Tuition Plans) that are used to pay K-12 expenses to be added to FAGI. TCJA permits taxpayers to use distributions for K-12 expenses without being subject to tax. The amount added back may not exceed the amount of “earnings” on the account that are excluded from income for the taxable year. Thus, recovery of amounts contributed to the account (rather than the account’s investment returns) would not be taxed. This approach effectively treats any uses for K-12 purposes as the first use to which these investment returns or earnings are put (e.g., if distributions are also used to pay for higher education expenses). <b>Effective date:</b> Tax year 2018.	<b>No comparable provision.</b> Senate article conforms to federal treatment of 529 Plan distributions used for K-12 expenses.
17	<b>Qualified business income.</b> Requires a trust or estate to add to FTI the amount it deducted as qualified business income (the 20-percent deduction allowed under TCJA). <b>Effective date:</b> Tax year 2018.	<b>Section 19. Same</b>
18	<b>Subtractions from income; scope.</b> Modifies the scope subdivision of the section providing individual income tax subtractions from income to be consistent with the article’s change in the starting point of the individual income tax from FTI to FAGI. <b>Effective date:</b> Tax year 2018.	<b>Section 21. Same</b>
19	<b>Charitable contributions for non-itemizers.</b> Modifies the charitable contribution deduction for non-itemizers to be based on whether the taxpayer itemizes for Minnesota purposes (rather than federal purposes as under present law) and limits the deduction to resident individuals. <b>Effective date:</b> Tax year 2018.	<b>Section 22. Similar.</b> Does not limit the deduction to residents.
	<b>Section 46</b> provides the personal and dependent exemption allowances under the House article.	<b>Section 23. Personal and dependent exemption allowance.</b> Allows the personal and dependent exemption allowances (specified in section 35) as a subtraction.
20	<b>Conforming change.</b> Changes a reference from FTI to FAGI (for the subtraction for military retirement pay) to be consistent with the article’s change in the starting point for calculating the Minnesota tax. <b>Effective date:</b> Tax year 2018.	<b>Section 24. Same.</b>
21	<b>Social Security subtraction; indexing.</b> Resets the dollar amounts of the subtraction for Social Security benefits to the tax year 2018 amounts and provides that indexing (starting for tax year 2019) will be done using C-CPI-U. In addition, the subtraction for married separate filers is specified as one-half of the married joint amount. <b>Effective date:</b> Tax year 2018.	<b>Section 25. Same.</b>
	<b>No comparable provision.</b>	<b>Section 26. Moving expenses.</b> Allows moving expenses, suspended by the TCJA, as a subtraction.

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
		<b>Effective date:</b> Tax year 2018.
22	<b>GILTI subtraction.</b> Allows the amount of global intangible low-taxed income (GILTI) required to be included in FAGI to be subtracted. TCJA required a portion of this foreign income (for corporations, including S corporations) to be included in FAGI. The House does not conform to the federal treatment.  <b>Effective date:</b> Tax year 2018.	<b>Section 27. Same.</b>
23	<b>Deemed repatriation income of nonresidents.</b> Allows the amount of the deemed repatriation of deferred foreign income (a one-time requirement under TCJA that applies in tax year 2017) received by a nonresident to be subtracted from FAGI. The subtraction prevents Minnesota tax from applying to this non-Minnesota source income when it is received by nonresidents.  <b>Effective date:</b> Retroactively to tax year 2017 (same time that federal provision applies).	<b>Section 28. Similar.</b> Allow deductibility to residents as well.
	<b>Sections 10 and 46</b> provide standard and itemized deductions under the House article.	<b>Section 29. Standard or itemized deductions.</b> Allows the amount of the standard or itemized deductions (as specified in section 11 or 12) as subtraction from FAGI.  <b>Effective date:</b> Tax year 2018.
	<b>No comparable provision.</b>	<b>Section 30. Tuition subtraction.</b> Allows the tuition subtraction, notwithstanding its expiration for federal income tax purposes, as a subtraction in computing FAGI.
24	<b>Special foreign deductions.</b> Allows corporations required to add back the new 100-percent deduction for foreign dividends under TCJA to reduce the addition by any amounts of the dividends that represent amounts taxed in a prior year under the deemed repatriation provision. The FDII deduction for corporations is required to be added back. The section also eliminates the addition for the special deduction related to deemed repatriation of deferred foreign earnings. That will result in tax applying to the amount of that income that is net of the deduction for the federal participation exemption.  <b>Effective date:</b> Retroactively to tax year 2017 (necessary because of the provision modifying addition for the deduction under the repatriation provision).	<b>Section 32. Foreign-derived intangible income.</b> Requires an addition of foreign derived intangible income for corporations.  <b>Effective date:</b> Tax year 2018.
25	<b>Section 179 addition.</b> Conforms to the federal section 179 allowances (allowing expensing for qualifying equipment purchases) for C corporations by limiting the addition to amounts deducted for federal purposes in taxable years before 2018. This change would allow corporate income taxpayers the full section 179 deduction for property placed in service starting in tax year 2018.  <b>Effective date:</b> Tax year 2018.	<b>Section 31. Similar.</b> Conforms effective for property placed in service in tax year 2019.
26	<b>GILTI subtraction.</b> Allows the amount of GILTI required by a C Corporation to be included in FTI to be subtracted in computing Minnesota net income.	<b>Section 33. Same.</b>

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
	<p>TCJA subjects a portion of this foreign income to immediate federal taxation. The article does not conform to the federal treatment.</p> <p><b>Effective date:</b> Tax year 2018.</p>	
	<p><b>No comparable provision.</b></p>	<p><b>Section 34. Deferred foreign income.</b> Provides a subtraction for corporations for foreign-source income that was not subject to tax prior to TCJA, to the extent it was included in federal adjusted gross income. Effective for tax years 2017 and 2018.</p>
	<p><b>Sections 10 and 46</b> provide personal and dependent exemption allowances under the House article.</p>	<p><b>Section 35. Personal and dependent exemptions.</b> Sets the amount of the personal and dependent exemption allowance at \$4,150 for each taxpayer and dependent (the amount allowed under prior federal law for tax year 2018) and indexes this amount in the future using the C-CPI-U.</p>
27	<p><b>Corporate alternative minimum tax (AMT).</b> Eliminates a reference to the corporate AMT, which is repealed by section 68.</p>	<p><b>No comparable provision.</b></p>
28	<p><b>Unrelated business income tax (UBIT); net operating losses (NOLs).</b> Requires a nonprofit corporation required to pay UBIT to add back its federal NOL and claim a Minnesota NOL under the rules applicable to C corporations under the Minnesota tax. This prevents TCJA’s rules requiring separately calculating NOLs for each activity from applying.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>No comparable provision.</b></p>
29	<p><b>Corporate franchise tax rate.</b> Reduces the corporate franchise tax rate from 9.8 percent to 9.64 for tax years 2018 and 2019 and to 9.06 percent for tax years after that.</p>	<p><b>No comparable provision.</b></p>
30	<p><b>Individual tax rates.</b> Resets the dollar amount of individual income tax brackets to the tax year 2018 amounts and reduces the 7.05 percent tax rate to 6.95 percent for tax year 2018, 6.9 percent for tax year 2019, and 6.75 percent for later tax years.</p> <p>In addition, conforming and updating changes are made to the allocation percentage that is used to determine the Minnesota-share of tax for nonresidents and part year residents. These changes reflect the repeal of the addition for domestic production activities and the subtractions for GILTI and the deemed repatriation income of nonresidents.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 36. Individual tax rates.</b> Resets the first tier rate from 5.35 percent to 5.1 percent; reset dollar amounts for purposes of indexing using C-CPI-U and updates cross references.</p>
31	<p><b>Indexing of rate brackets.</b> Provides that indexing of individual income tax rate brackets (starting for tax year 2019) will be done using C-CPI-U.</p>	<p><b>Section 37. Same.</b></p>
32	<p><b>Dependent care credit; phase-out amounts.</b> Resets the dollar amounts of the phase-out for the dependent care credit at the tax year 2018 amounts. This is necessary as part of the conversion to C-CPI-U indexing in section 34.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 38. Same.</b></p>
33	<p><b>Dependent care credit; income measure.</b> Adds alimony that is excluded from the recipient’s</p>	<p><b>Section 39. Same.</b></p>

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
	<p>income in income used to determine eligibility for the refundable dependent care credit. TCJA, effective for tax year 2019, provides that alimony (paid under new agreements or orders) is no longer deductible to the payer and includible in the recipient’s income. The section also repeals a reference to the domestic production deduction, which TCJA repealed.</p> <p><b>Effective date:</b> Tax year 2018.</p>	
34	<p><b>Dependent care credit indexing.</b> Converts indexing of the dependent care phase-out amounts to the C-CPI-U index.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 40. Same.
35	<p><b>Working family credit amounts; indexing.</b> Resets the indexed dollar amounts under the working family credit at the tax year 2018 amounts and converts indexing to the C-CPI-U index.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 41. Same.
36	<p><b>Working family credit indexing.</b> Converts indexing of additional working family credit amounts to the C-CPI-U index.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 42. Same.
37	<p><b>Long-term care insurance credit; conforming changes.</b> Modifies the long-term care insurance credit to refer to Minnesota, rather than federal, itemized deductions.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 43. Similar. (cross reference difference)
38	<p><b>Long-term care insurance credit; conforming changes.</b> Changes a reference in the long-term care insurance credit from FTI to Minnesota taxable net income.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 44. Same.
39	<p><b>Historic structure rehabilitation credit.</b> Modifies the Internal Revenue Code reference to the historic structure rehabilitation credit to make it clear that the definition refers to the entire credit and not annual amount that is allowed in each tax year. TCJA modified the federal credit (which the Minnesota credit is based on and equal to) to provide it is allowed in five equal annual installments, starting with the year the property is placed in service.</p>	Section 45. Same.
40	<p><b>Historic structure rehabilitation credit; allowable in five installments.</b> Allows the credit (and the grant in lieu of the credit) in five equal annual installments, following TCJA’s changes to the federal credit.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 46. Same.
41	<p><b>Historic structure rehabilitation credit; conforming change.</b> Makes conforming changes to clarify that credit is allowed in annual installments.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 47. Same.



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42	<p><b>Historic structure rehabilitation credit; conforming change.</b> Makes conforming changes to clarify that credit is allowed in annual installments.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 48. Same.																								
43	<p><b>529 Plan credit.</b> Modifies the 529 Plan credit definitions to eliminate the definition of FAGI, which is unnecessary as a result of section 9’s definition and to provide that qualified higher education expenses exclude amounts paid for K-12 expenses, as now permitted under federal law. Using account assets that qualified for the credit for K-12 expenses, as a result, would trigger recapture of the tax credit.</p> <p><b>Effective date:</b> Tax year 2018.</p>	No comparable provision.																								
44	<p><b>529 Plan credit phase-out; indexing.</b> Resets the phase-out thresholds under the 529 Plan credit at the tax year 2018 amounts and converts indexing to the C-CPI-U index.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 49. Same.																								
45	<p><b>Elderly exclusion; conforming change.</b> Changes a reference from FTI to FAGI (in the elderly exclusion) to reflect the article’s change in the starting point of the individual income tax.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 50. Same.																								
46	<p><b>Itemized and standard deduction and exemption allowance.</b> Establishes itemized deductions, standard deduction, and exemption allowances for the individual income tax; these amounts replace amounts allowed in calculating FTI under present law. The itemized deduction limitation is retained, and the formula for estimating the deduction is identical to the formula under existing law.</p> <p>Exemption amounts follow present law. The income phase-out of the allowance is retained (as well as the similar phase-out for itemized deductions).</p> <p>Itemized deduction rules generally follow those under TCJA, but are generally permanent (unlike the TCJA rules which revert to prior law rules effective for tax year 2026). The table compares the differences between FTI (under present law) and the section’s provisions:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Feature</th> <th style="width: 35%;">FTI (present law)</th> <th style="width: 35%;">Proposed</th> </tr> </thead> <tbody> <tr> <td>Exemption amount</td> <td style="text-align: center;">\$4,150</td> <td style="text-align: center;">\$4,150</td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>Standard deduction</b></td> </tr> <tr> <td>Married joint</td> <td style="text-align: center;">\$13,000</td> <td style="text-align: center;">\$14,000</td> </tr> <tr> <td>Head of household</td> <td style="text-align: center;">\$9,550</td> <td style="text-align: center;">\$10,300</td> </tr> <tr> <td>Single</td> <td style="text-align: center;">\$6,500</td> <td style="text-align: center;">\$7,000</td> </tr> <tr> <td>Additional amounts</td> <td colspan="2" style="text-align: center;">Same as present law</td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>Itemized deductions</b></td> </tr> </tbody> </table>	Feature	FTI (present law)	Proposed	Exemption amount	\$4,150	\$4,150	<b>Standard deduction</b>			Married joint	\$13,000	\$14,000	Head of household	\$9,550	\$10,300	Single	\$6,500	\$7,000	Additional amounts	Same as present law		<b>Itemized deductions</b>			<p><b>Section 51. Standard or itemized deduction.</b> Allows an individual to claim the state standard deduction or state itemized deduction. Married separate filers must claim the same type of deduction. Itemized deductions are established in sections 10, 11, 12, 17, 18, 23, 29, and 35. Allows a subtraction for the state standard or state itemized deduction. Effective beginning in tax year 2018.</p>
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Exemption amount	\$4,150	\$4,150																								
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Sec.	Article 1: Federal Tax Conformity			Article 1: Federal Tax Conformity
	Property taxes	Unlimited	\$30,000 limit	
	Medical expenses	> 10 percent of AGI	> 7.5 percent of AGI (tax year 2018 only; 10 percent afterward)	
	Home mortgage interest			
	Acquisition debt	\$1 million loans	\$750,000 for loans incurred after 12/15/2017	
	Home equity loans	\$100,000 loans	Not deductible	
	Charitable contributions – AGI limit	50 percent	60 percent	
	Casualty losses > 10 percent of AGI	Deductible	Deductible if loss in qualified disaster area	
	Miscellaneous deductions subject to 2 percent of AGI floor, e.g., tax preparation, unreimbursed employee business expenses, various investment expenses, safe deposit box rental, etc.	Deductible	Not deductible	
	<p>Nonresidents and part-year residents would be limited to deducting property taxes on and home mortgage interest secured by Minnesota properties. Similarly their miscellaneous itemized deductions would be limited to items related to production of Minnesota-source income, Minnesota taxes, or properties.</p> <p><b>Effective date:</b> Tax year 2018.</p>			
47	<p><b>AMT definitions.</b> Modifies the definition of income for purposes of the individual AMT to be consistent with other changes made by the article and to require addition of the deduction for QBI.</p> <p><b>Effective date:</b> Tax year 2018.</p>			<p><b>Section 52. Similar.</b> Includes the deduction for casualty losses allowed under federal law prior to TCJA.</p>
48	<p><b>Individual AMT exemption amount; indexing.</b> Resets the individual AMT exemption at the tax</p>			<p><b>Section 53. Similar.</b> Also corrects cross reference to Internal Revenue Code.</p>

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
	<p>year 2018 dollar amounts and converts indexing to the C-CPI-U index.</p> <p><b>Effective date:</b> Tax year 2018.</p>	
49	<p><b>Corporate AMT carryover credit.</b> Modifies the carryover credit under the corporate AMT to reflect section 68's repeal of the corporate AMT. The carryover credit allows corporations that pay AMT in one year to use that tax as a credit against regular tax in a later tax year. Carryover credits generated in years prior to repeal could continue to be used in 2018 and later tax years.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<b>No comparable provision.</b>
50	<p><b>Minimum fee amounts; indexing.</b> Resets the minimum fee at the tax year 2018 amounts and converts indexing to the C-CPI-U index.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<b>Section 54. Same.</b>
51	<p><b>Corporate NOLs.</b> Provides that TCJA's 20 percent reduction in the amount of NOLs under TCJA does not apply to the Minnesota NOL statute (affects corporations).</p> <p><b>Effective date:</b> Tax year 2018.</p>	<b>Section 55. Same.</b>
52	<p><b>Allocation of trade or business income.</b> Modifies the definition of "wages" for purposes of allocating trade or business income between Minnesota and non-Minnesota sources to include income from sales of section 83(i) qualified stock (provided as compensation to employees), which were authorized by TCJA.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<b>Section 56. Same.</b>
	<b>No comparable provision.</b>	<b>Section 57. Dividends received deduction; debt-financed stock.</b> Disallows a dividend-received deduction for dividends paid from stock that is debt-financed. Effective beginning in tax year 2018.
53	<p><b>Deemed repatriation income.</b> Provides that deferred foreign income deemed by TCJA to includible in subpart F income for tax year 2017 is dividend income. This follows Minnesota's practice of treating subpart F income as dividend income and Minnesota's treatment of subpart F income that was used in the 2004 repatriation tax holiday.</p> <p><b>Effective date:</b> Retroactively to tax year 2017.</p>	<b>No comparable provision.</b>
54	<p><b>Insurance companies; computation of limit on interest expense.</b> Provides that section 163(j) interest limitation for corporations that are part of an affiliated group of companies that include insurance companies (exempt from corporate franchise tax because they pay premium tax) are to be computed by including the insurance company's income in determining how the limit applies. This parallels the federal treatment, which imposes the corporate income tax on insurance companies.</p>	<b>Section 58. Same.</b>
55	<p><b>Wages for withholding tax.</b> Modifies the definition of "wages" for purposes of withholding tax to include section 83(i) qualified stock under TCJA. The provision allows employees receiving</p>	<b>Section 59. Same.</b>

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
	the stock to defer when income is includible, subject to a variety of limits and conditions.	
56	<p><b>Household income definition; PTR.</b> Modifies the definition of household income under the property tax refund for renters and the homestead credit refund programs to eliminate the addition for the domestic production deduction, which was repealed by the TCJA, and to include nontaxable alimony received by the claimant.</p> <p>Effective for tax year 2019, TCJA provides that alimony (paid under new agreements or orders) is no longer deductible to the payer and includible in the recipient’s income. References to the exemption amount in the definition of household income are tied to the amount under the Minnesota income tax, as provided in section 46.</p> <p><b>Effective date:</b> Property taxes payable in 2019 and rent paid in 2018.</p>	<p><b>Section 60. Similar.</b> Also includes additions for moving expenses and specifies the dollar amount of the exemption allowance and retirement base amount.</p>
57	<p><b>Gross rent amount; indexing.</b> Sets the gross rent amounts for nursing homes, foster care homes, and intermediate care facilities at the 2018 amounts and converts indexing to the C-CPI-U index.</p> <p><b>Effective date:</b> Property taxes payable in 2019 and rent paid in 2018</p>	<p><b>Section 61. Same.</b></p>
58	<p><b>PTR update.</b> Updates the reference to the Internal Revenue Code for purposes of the property tax refund chapter. This will incorporate federal changes made to FAGI and TCJA’s repeal of the exemption allowance (replaced in section 56 with a reference to the Minnesota amount provided by the article).</p>	<p><b>Section 62. Same.</b></p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 63. Homestead credit refund.</b> Updates the income thresholds and refund amounts for the homeowners PTR for 2018.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 64. Renters refund.</b> Updates the income thresholds and refund amounts for the renters PTR for 2018.</p>
59	<p><b>PTR indexing.</b> Retains indexing of the PTR schedules using the CPI-U index.</p> <p><b>Effective date:</b> Rent paid in 2019 and property taxes payable in 2020.</p>	<p><b>Section 65.</b> Moves to C-CPI-U indexing for the PTR schedules.</p>
60	<p><b>Estate tax update.</b> Updates the reference to the Internal Revenue Code in the estate tax. This will have no material effect on estate tax, since the TCJA made changes in the federal exclusion amounts from which the state estate tax is decoupled.</p> <p><b>Effective date:</b> Estates of decedents dying after December 31, 2017.</p>	<p><b>Section 66. Same.</b></p>
61	<p><b>Sales tax exemption.</b> Provides that TCJA’s change in the like-kind exchange rules (limiting them to real property) does not apply for purposes of the sales tax exemption for occasional sales. The bill makes this change by tying the statutory reference</p>	<p><b>Section 67. Same.</b></p>

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity				
	to the version of the Internal Revenue Code before the enactment of TCJA. <b>Effective date:</b> Sales and purchases made after December 31, 2017.					
62	<b>MVST exemption.</b> Provides that TCJA’s change in the like-kind exchange rules (limiting them to real property) does not apply for purposes of the motor vehicle sales tax exemption by tying the statutory reference to the version of the Internal Revenue Code before the enactment of TCJA. <b>Effective date:</b> Sales and purchases made after December 31, 2017.	<b>Section 68. Same.</b>				
63	<b>First-time homebuyer savings account; conforming change.</b> Changes a reference from FTI to FAGI (in the subtraction under the first-time homebuyer savings account program) to reflect the article’s change in the starting point of the individual income tax from FTI to FAGI. <b>Effective date:</b> Tax year 2018	<b>Section 69. Same.</b>				
64	<b>First-time homebuyer savings account; conforming change.</b> Changes a reference from FTI to FAGI (in the addition under the first-time homebuyer savings account program) to reflect the article’s change in the starting point of the individual income tax from FTI to FAGI. <b>Effective date:</b> Tax year 2018.	<b>Section 70. Same.</b>				
65	<b>JOBZ subtraction; conforming change.</b> Changes a reference from FTI to FAGI (in the JOBZ subtraction) to reflect the article’s change in the starting point of the individual income tax from FTI to FAGI. <b>Effective date:</b> Tax year 2018.	<b>Section 71. Same.</b>				
66	<b>Corporate AMT.</b> Eliminates a reference in the JOBZ statute to the corporate AMT, which is repealed by section 68.	<b>No comparable provision.</b>				
67	<b>Estimated taxes; exceptions.</b> Provides an exception to imposition of penalties for underpayment of estimated tax, if the underpayment resulted from the inclusion of deferred foreign income under section 965 of the Internal Revenue Code (i.e., resulting from conformity to the federal repatriation tax) in tax year 2017. To avoid the penalty, payment must be made by September 15, 2018. This income is first included in income for tax year 2017. Since it applies retroactively, taxpayers would not have known to make estimated payments based on its taxability.	<b>No comparable provision.</b>				
68	<b>Repealer.</b> Repeals the following provisions: <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="width: 20%;">Repealed section</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>290.01, subd. 29a</td> <td>Definition of state itemized deductions</td> </tr> </tbody> </table>	Repealed section	Description	290.01, subd. 29a	Definition of state itemized deductions	<b>Section 69. Repealer.</b> Repeals sections 290.0131, subs. 7 and 11; 290.0133, subs. 13 and 14; and 290.10, subd. 2.
Repealed section	Description					
290.01, subd. 29a	Definition of state itemized deductions					

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Sec.	Article 1: Federal Tax Conformity	Article 1: Federal Tax Conformity
	290.0131, subd. 7	Addition for fines, fees, and penalties (individuals), which is now included federal income
	290.0131, subd. 11	Addition (individuals) for domestic production activities
	290.0131, subd. 12	Addition for disallowed itemized deduction amount (becomes part of the itemized deduction computation)
	290.0131, subd. 13	Addition for disallowed personal exemption amount (becomes part of the exemption allowance calculation)
	290.0132, subd. 8	Subnational taxes subtraction (replaced with itemized deduction for taxes)
	290.0132, subd. 19	Subtraction for federal disallowed itemized deduction amount
	290.0132, subd. 20	Subtraction for federal disallowed personal exemption amount
	290.0133, subd. 13	Addition (corporations) for domestic production activities
	290.0133, subd. 14	Addition for fines, fees, and penalties (corporations), which is now included federal income
	290.0921, subd. 1, 2, 3a, 4, and 6	Corporate AMT (other than carryover credit)
	290.10, subd. 2	Disallowance of trade or business expense for fines, fees, and penalties, which now are disallowed by federal law

Sec.	Article 2: Individual Income, Corporate Franchise, and Estate Taxes	Article 2: Individual Income, Corporate Franchise, and Estate Taxes
	<b>No comparable provision.</b>	<b>Section 1. Tax rates adjustment.</b> Requires the commissioner of revenue to calculate income, corporate franchise, and alternative minimum tax rate reductions if certain criteria are met, in addition to the existing requirements for priority allocation of additional revenues under current law. Reductions must not exceed one percentage point for each rate. The rate reduction would be enacted beginning with the taxable year beginning one year after the year following the forecast year, for reductions resulting from a forecast in an even-numbered year. For reductions resulting from a forecast in an odd-numbered year, the rate reduction would be enacted beginning with the taxable year of the year immediately following the forecast year. If the criteria for rate reductions are met, reductions must occur before budget reserve transfers. The commissioner must timely publish the new rates, and the revisor must update the rates in the next

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Sec.	Article 2: Individual Income, Corporate Franchise, and Estate Taxes	Article 2: Individual Income, Corporate Franchise, and Estate Taxes
		edition of Minnesota Statutes. Effective the day following final enactment.
1	<p><b>Angel credit authorization.</b> Authorizes \$10 million in small business investment tax credits (commonly referred to as the angel credit) for allocation during calendar year 2018. No credit authorizations for this credit was enacted for 2018.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 2. Similar.</b> Allocates \$5 million for calendar year 2018 and strikes additional obsolete language.</p>
2	<p><b>Angel credit, sunset.</b> Extends the expiration dates for the angel credit by one year to reflect the additional authorization in section 1.</p>	<p><b>Section 3. Same.</b></p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 4. Combined heat and power and expander generator development plan.</b> Establishes a tax credit program for building a system that uses the same energy source for generating electrical power, mechanical shaft power, or both, in combination with the generation of steam or other thermal energy, or a system that uses gaseous flow, pressure drop, or both, for generation of electrical power, mechanical shaft power, or both. No credit amounts are specified and no appropriation is made for the credit. Applicants must receive certification from the commissioner of commerce to qualify for the credit. Requires the Department of Commerce to report to the chairs and ranking minority members of the house and senate tax committees about how a tax credit would benefit the development of lower-cost and small-carbon-footprint energy in the state.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 5. Estate tax filing requirement.</b> Modifies the requirements to file an estate tax return to correspond to the increased estate tax exclusion amount in <b>section 16</b>. Effective for decedents dying after December 31, 2017.</p>
3	<p><b>Financial institution.</b> Modifies the definition of a financial institution for corporate franchise tax purposes to eliminate the requirement that exempt insurance companies must be subject to Minnesota insurance premiums taxation. This will allow out-of-state insurers who do not write coverage on Minnesota risks (and, thus, are not subject to the Minnesota premiums tax) to qualify as insurance companies that are exempt from corporate franchise tax.</p> <p><b>Effective date:</b> Retroactively to tax year 2017.</p>	<p><b>Section 6. Same.</b></p>
4	<p><b>Disqualified captive insurance company.</b> Defines a “disqualified captive insurance company” for corporate franchise tax purposes. A company is a disqualified captive if it satisfies two criteria, each of which can met in two different ways:</p> <ul style="list-style-type: none"> <li>• The company either (1) is explicitly licensed by a state as a captive insurance company or (2) derives 80 percent or more of its premiums from insurance covering other members of the unitary group; and</li> </ul>	<p><b>Section 7. Similar</b> with minor technical differences.</p>

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Sec.	Article 2: Individual Income, Corporate Franchise, and Estate Taxes	Article 2: Individual Income, Corporate Franchise, and Estate Taxes
	<ul style="list-style-type: none"> <li>The company either (1) derives half or more of its gross receipts from items other than insurance premiums or (2) pays an effective tax rate of 0.25 percent or less in insurance premiums or similar special state insurance taxes.</li> </ul> <p>Premiums are defined by reference to federal law, but exclude premiums that are of types that are exempt from the Minnesota insurance premiums tax (e.g., return premiums or reinsurance premiums).</p> <p>Disqualified captives are subject to the corporate franchise tax (other insurance companies are exempt) and must include their income and apportionment factors on the combined return of a unitary business of which they are a part.</p> <p><b>Effective date:</b> Retroactively to tax year 2017.</p>	
5	<p><b>Medical cannabis; individual income subtraction.</b> Allows companies manufacturing medical marijuana under Minnesota licenses to subtract their trade or business expenses in computing Minnesota individual income tax.</p> <p><b>Effective date:</b> Tax year 2018.</p> <p><b>Background.</b> Federal law (section 280E of the Internal Revenue Code), which Minnesota law incorporates by reference, disallows deductions for amounts “paid or incurred . . . in carrying on any trade or business [that] consists of trafficking in [Schedule I or II] controlled substances” as defined by federal law. Since marijuana is a Schedule I controlled substance, this provision prevents medical marijuana businesses from deducting their business expenses, such as rent, wages paid to employees, and so forth. Under guidance provided by the Internal Revenue Services (following the legislative history of section 280E), this does not prohibit deductions for the cost of goods sold. This section and section 7 would allow companies that are licensed by the state of Minnesota to produce medical marijuana to subtract the expenses disallowed under section 280E in computing Minnesota income or corporate tax.</p>	Section 8. Same.
6	<p><b>Addition food donation qualifying for credit.</b> Requires charitable contributions of prepared food that qualify for the credit under section 9 to be added to FTI in computing corporate franchise tax. This prevents a taxpayer from qualifying for both a deduction and the credit.</p> <p><b>Effective date:</b> Tax year 2018.</p>	No comparable provision.
7	<p><b>Medical cannabis; corporate franchise tax subtraction.</b> Allows companies manufacturing medical marijuana under Minnesota licenses to subtract their trade or business expenses in computing corporate franchise taxes.</p> <p><b>Effective date:</b> Tax year 2018.</p>	Section 9. Same.
8	<p><b>Exempt entities.</b> Modifies the statutory definition of insurance companies that are exempt from</p>	Section 10. Same.



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Sec.	Article 2: Individual Income, Corporate Franchise, and Estate Taxes	Article 2: Individual Income, Corporate Franchise, and Estate Taxes
	<p>corporate franchise tax to incorporate section 4’s definition of disqualified captive insurance companies (i.e., ones which are not exempt insurance companies).</p> <p><b>Effective date:</b> Retroactively to tax year 2017.</p>	
	<p><b>No comparable provision.</b></p>	<p><b>Section 11. Minnesota housing tax credit program; definitions.</b> Establishes definitions for the proposed tax credit in <b>sections 22 and 23.</b></p>
<p><b>9</b></p>	<p><b>Prepared food donation credit.</b> Allows a 20 percent, nonrefundable tax credit to businesses that make eligible donations of prepared food. No carryforward is allowed, if the credit exceeds the liability for tax. The donations must be charitable contributions under federal tax law, except that the taxpayer is not required to itemize deductions. To qualify, the business must regularly sell prepared food. The food must be prepared by the taxpayer and must meet federal, state, and local food regulations. Donations allowed as a credit may not be taken as a Minnesota itemized deduction for charitable contributions.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>No comparable provision.</b></p>
<p><b>10</b></p>	<p><b>Stillbirth credit allowed.</b> Modifies the stillbirth credit to provide that it is allowed to an “eligible individual” (defined in section 11) and to eliminate the test that allows the credit based on who would have qualified to claim the stillborn child as a tax dependent.</p> <p>In addition, apportionment of the credit for nonresidents is eliminated. A nonresident who is an eligible individual (e.g., the nonresident spouse of a Minnesota resident member of the military) would be allowed the full credit. Apportionment would continue for part year residents—that is, individuals who move into or out of the state during the tax year—based on the percentage of their income that is derived from Minnesota sources.</p> <p><b>Effective date:</b> Retroactive to tax year 2016 (original effective date of the credit).</p>	<p><b>Section 12. Similar.</b> Allows for stillbirths outside of Minnesota only if mother is transported to the other state for medical care that resulted in stillbirth or is a resident or spouse of a resident who is a member of the armed forces stationed outside the state and gave birth resulting in stillbirth; allows only to the birth mother.</p>
<p><b>11</b></p>	<p><b>Stillbirth credit; definitions.</b> Defines terms for purposes of the stillbirth tax credit:</p> <ul style="list-style-type: none"> <li>• <b>“Certificate of birth resulting in stillbirth”</b> means a certificate of stillbirth issued by the Minnesota Department of Health for a Minnesota birth or a similar certificate issued by another state or country if the birth occurs outside of Minnesota.</li> <li>• <b>“Eligible individual”</b> (i.e., individuals who will be allowed the credit) must be:             <ul style="list-style-type: none"> <li>○ a Minnesota resident or the nonresident spouse of a member of the military who is a Minnesota resident; and</li> <li>○ the individual who gave birth (i.e., the mother) who was listed on the</li> </ul> </li> </ul>	<p>Provisions are included in <b>section 12.</b></p>

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Sec.	Article 2: Individual Income, Corporate Franchise, and Estate Taxes	Article 2: Individual Income, Corporate Franchise, and Estate Taxes
	<p>birth certificate (or if the birth mother is not listed, then the first individual listed on the certificate) or simply is the mother who gave birth, if the birth occurred outside of Minnesota in a state or country where no certificate is issued for stillbirths.</p> <ul style="list-style-type: none"> <li>• “<b>Stillbirth</b>” is defined by reference to the statute that requires a fetal death report, but without regard to whether the birth occurs in Minnesota.</li> </ul> <p><b>Effective date:</b> Retroactive to tax year 2016 (original effective date of the credit).</p>	
12	<p><b>Credit for attaining master’s degree in teacher’s licensure field; definitions.</b> Extends the income tax credit to licensed teachers who obtain a master’s degree in special education. Under present law, the credit is limited to K-12 teachers who complete a master’s degree in a core content area directly related to their licensure field. The credit equals the lesser of \$2,500 or the amount paid for tuition, fees, books, and instructional materials necessary to complete the degree that are not reimbursed by an employer or by scholarship.</p> <p>Special education is defined to include a program of study directly related to licensure in developmental disabilities, early childhood special education, emotional or behavioral disorders, autism spectrum disorders, or learning disabilities.</p>	<p><b>No comparable provision.</b></p>
13	<p><b>Railroad crossing credit.</b> Allows a nonrefundable tax credit against the individual income and corporate franchise taxes equal to 50 percent of a railroad’s expenditures on safety improvements at designated “priority crossings.” A 15-year carryover of the credit is allowed. To qualify, expenditures must:</p> <ul style="list-style-type: none"> <li>• increase the safety of the crossing by improving the quality of active traffic signals or by helping to implement grade separation;</li> <li>• be the type of improvements that would qualify for depreciation or cost recovery deductions; or</li> <li>• not already be required by law to be made by the railroad.</li> </ul> <p>A list of priority crossings will be determined by the commissioner of the Department of Transportation, using the same methodology it used to prepare its 2014 Highway-Rail Grade Crossings and Rail Safety report.</p> <p><b>Effective date:</b> Tax year 2018 for expenditures made after the list of priority crossings is posted on October 2018.</p>	<p><b>No comparable provision.</b></p>

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Sec.	Article 2: Individual Income, Corporate Franchise, and Estate Taxes	Article 2: Individual Income, Corporate Franchise, and Estate Taxes
14	<p><b>AMT; disallowed section 280E expenses for medical cannabis manufacturers.</b> Provides that expenses that qualify for the section 280E subtraction for medical cannabis manufacturers (section 5 of the article) may be subtracted when computing the individual AMT.</p> <p><b>Effective date:</b> Tax year 2018.</p>	<p><b>Section 13. Same.</b></p>
	<p><b>No comparable provision</b> – House article 1 repeals the corporate AMT.</p>	<p><b>Section 14. Corporate AMT; disallowed section 280E expenses for medical cannabis manufacturers.</b> Provides that expenses that qualify for the section 280E subtraction for medical cannabis manufacturers (<b>section 5</b> of the article) may be subtracted when computing the corporate AMT.</p> <p><b>Effective date:</b> Tax year 2018.</p>
15	<p><b>Combined returns.</b> Modifies the combined return statute to incorporate the new definition of disqualified captive insurance companies—specifically that these captives, including ones incorporated in a foreign country, must include their income and apportionment factors in the combined report. The 2017 tax bill’s definition of taxable captives is repealed, since it is replaced by section 4’s definition.</p> <p><b>Effective date:</b> Retroactively to tax year 2017.</p>	<p><b>Section 15. Similar</b> with minor technical differences.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 16. Estate tax exclusion.</b> Increases the estate tax exclusion amount to \$5 million beginning in 2019. Effective for estates of decedents dying after December 31, 2017 (internal effective date is correct; effective date for section should reflect estates of decedents dying after December 31, 2017).</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 17. Estate tax rates.</b> Strikes obsolete language pertaining to estates of decedents dying in 2017. Effective retroactively to estates of decedents dying after December 31, 2017.</p>
16	<p><b>Cross reference.</b> Corrects a cross reference error that resulted from 2017 tax act’s renumbering of clauses in the qualified property provisions of the estate tax.</p> <p><b>Effective date:</b> Day following final enactment.</p>	<p><b>Section 18. Same.</b></p>
17	<p><b>Qualified small business property.</b> Modifies the required holding period for qualified small business property to provide that ownership by either of the spouses in various ownership forms (undivided, joint, QTIP trust, etc.) can be used to satisfy the 3-year requirement. It does not matter if the spouse predeceased the decedent. Under present law, the decedent must own the property for the 3-year period.</p> <p><b>Effective date:</b> Decedents dying after December 31, 2017</p>	<p><b>Section 19. Similar</b> – adds cross references to the Internal Revenue Code to be consistent.</p>
18	<p><b>Qualified farm property.</b> Modifies the required holding period for qualified farm property to provide that ownership by either of the spouses in</p>	<p><b>Section 20. Similar</b> with minor technical differences.</p>

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Sec.	Article 2: Individual Income, Corporate Franchise, and Estate Taxes	Article 2: Individual Income, Corporate Franchise, and Estate Taxes
	<p>various ownership forms (undivided, joint, QTIP trust, etc.) can be used to satisfy the 3-year requirement. It does not matter if the spouse predeceased the decedent. Under present law, the decedent must own the property for the 3-year period.</p> <p><b>Effective date:</b> Decedents dying after December 31, 2017.</p>	
19	<p><b>Recapture tax, temporary provision.</b> Provides a temporary special rule under the recapture tax that applies to estates claiming the subtraction for qualified property. The rule is limited to estates of decedents:</p> <ul style="list-style-type: none"> <li>• Dying after December 31, 2011 and before January 1, 2017; and</li> <li>• That filed a return reporting no tax liability and also claimed a qualified property treatment, which is triggering recapture tax.</li> </ul> <p>The special rule limits the amount of the qualified property exclusion or subtraction (i.e., amount that triggers recapture tax) to the amount necessary to reduce the estate tax to zero. This prevents a (likely inadvertent) choice by whomever filed the return to forgo claiming the full general exclusion or exemption and instead to claim a larger qualified property subtraction from increasing recapture tax. The 2017 conversion of the zero bracket amount to an exclusion (i.e., a subtraction from the estate’s value, rather than an amount in the rate table) reduces the likelihood of these mistakes.</p> <p>The section also corrects a cross reference error that resulted from 2017 tax act’s renumbering of clauses in the qualified property provisions of the estate tax.</p> <p><b>Effective date:</b> Retroactive for estates of decedents dying after December 31, 2011.</p>	<p><b>Section 21.</b> Corrects cross reference, but does not make the substantive changes in the House section.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 22. Minnesota housing tax credit.</b> Establishes a nonrefundable credit against the insurance premiums tax for contributions to the housing tax credit fund, if a credit is established. No appropriation is made for the credit. Effective for taxable years beginning after December 31, 2018.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 23. Minnesota housing tax credit contribution fund.</b> Establishes a fund administered by the commissioner of housing finance, who may award grants or loans to federally recognized tribes or subdivisions, tribal housing corporation, private developer, nonprofit organization, and HRA, or a public housing authority for the construction, rehabilitation, acquisition, and financing of single and multifamily housing developments for persons and families of low and moderate income. The fund is established only if the credit is established. Effective for taxable years beginning after December 31, 2018.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 24. Repealer.</b> Repeals provisions pertaining to the subtraction for qualified small</p>

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Sec.	Article 2: Individual Income, Corporate Franchise, and Estate Taxes	Article 2: Individual Income, Corporate Franchise, and Estate Taxes
		business and qualified farm property, as those will be obsolete with the increased general estate tax exclusion in an earlier section. Effective for estates of decedent dying after December 31, 2018 (effective date correction needed; should be for effective date of decedents dying after December 31, 2017).

Sec.	Article 3: Sales and Use Taxes	Article 3: Sales and Use Taxes
1	<b>Health care provider.</b> Adds massage therapists to the list of health care providers subject to the health care provider tax. <b>Effective date:</b> Effective for gross revenues received after June 30, 2018.	<b>No comparable provision.</b>
2	<b>Massage therapist.</b> Defines a massage therapist as a person providing massage therapy service but only if they register to pay the health care provider tax. <b>Effective date:</b> Effective for gross revenues received after June 30, 2018.	<b>No comparable provision.</b>
3	<b>Massage therapy services.</b> Defines massage therapy services to include services that involves systematic and structured touch for pain and tension relief and promote specific or general wellness. It excludes massage services provided by a health care facility or upon written referral from a licensed health care professional or facility. <b>Effective date:</b> Effective for gross revenues received after June 30, 2018.	<b>No comparable provision.</b>
4	<b>Patient services.</b> Adds massage therapy services to the list of patient services subject to the health care provider tax. <b>Effective date:</b> Effective for gross revenues received after June 30, 2018.	<b>No comparable provision.</b>
5	<b>Sales and purchase.</b> Moves an exclusion for massage services provided by a health care facility or upon written referral from a licensed health care professional or facility from the definition taxable services. This exclusion is turned into an expanded exemption section in section 7. <b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.	<b>Section 1. Different.</b> Excludes release fees or other charges for pen-raised game or poultry by a game farm or hunting preserve from the definition of “sale and purchase” and provides a similar exclusion for these fees or charges with regard to the granting of membership in a club, association, or other organization. Effective for sales and purchases made after June 30, 2018.
6	<b>Bullion Coin.</b> Adds bullion coin to the current exemption for precious metal bullion. <b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.	<b>No comparable provision.</b>
7	<b>Massage therapy.</b> Exempts from sales tax massage services that are either taxed under the health care provider tax or upon written referral from a licensed health care professional or facility for the treatment of illness, injury, or disease. <b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.	<b>No comparable provision.</b>

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Sec.	Article 3: Sales and Use Taxes	Article 3: Sales and Use Taxes
8	<p><b>Certain herbicides.</b> Provides a sales tax exemption for herbicides used under an invasive aquatic plant management permit. Covers purchases by lakeshore property owners, an association of lakeshore property owners, or by a contractor hired to provide the invasive aquatic plant management. Only covers herbicides registered with the Department of Agriculture for use on invasive aquatic plants.</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	No comparable provision.
9	<p><b>Ticket purchasing rights to collegiate events.</b> Excludes from the taxable sale price of a ticket to a college sporting event, the extra price paid to sit in a “preferred area”. To qualify the underlying ticket price must be at least as high as the ticket price for the surrounding seats; the extra price must be stated separately and the revenue from the extra price for the preferred seats must go entirely to support student scholarships.</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	No comparable provision.
10	<p><b>Prizes.</b> Expands the sales tax exemption for items purchased for prizes at festivals, fairs, and carnivals to also exempt items purchased for use as prizes in connection with lawful (i.e. charitable) gambling.</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	No comparable provision.
11	<p><b>Hospitals, outpatient surgical centers, and critical access dental providers.</b> Exempts sales to a qualifying medical facility from the sales tax. Defines “qualifying medical facility” as a facility that has been granted an abatement of the state general tax (carried in article 4, section 19).</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	No comparable provision.
12	<p><b>Ice arenas and rinks.</b> Expands the sales tax exemption for a nonprofit operating an ice arena to the Westonka Sports Association operating the ice arena at the David M. Thaler Sports Center.</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	No comparable provision.
13	<p><b>Lawful gambling equipment.</b> Exempts from the sales tax, the lease or purchase of gambling equipment by an organization licensed to conduct lawful gambling. The exempt gambling equipment is defined under the current lawful gambling statute and includes permanent and disposable goods including, pull tabs, bingo cards, and similar items as well as electronic devices and associated software.</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	No comparable provision.
14	<p><b>Nonprofit conservation clubs.</b> Provides a sales tax exemption for purchases made by nonprofit (501(c)(3)) clubs that provide instruction and</p>	No comparable provision.

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Sec.	Article 3: Sales and Use Taxes	Article 3: Sales and Use Taxes
	<p>training in, and shooting facilities for handguns or rifles.</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	
<p><b>15</b></p>	<p><b>Public safety facilities.</b> Provides an upfront exemption for construction of the following public safety facilities:</p> <ul style="list-style-type: none"> <li>• a new fire station in the city of Inver Grove Heights;</li> <li>• a new fire station or remodeling of an existing fire station in the city of Virginia;</li> <li>• a new fire station in the city of Minnetonka; and</li> <li>• remodeling and expansion of an existing fire station in the city of Minnetonka to accommodate its use as a police station.</li> </ul> <p>Applies to purchases by contractors and subcontractors as well as directly by the city.</p> <p><b>Effective date:</b> Effective for sales and purchases made after the day following final enactment but before January 1, 2021.</p>	<p><b>Similar.</b> Does not include the Virginia fire station; provides separate upfront exemptions for each city; not effective until July 1, 2018.</p> <p><b>Section 2. Minnetonka policy and fire public safety facilities.</b> Provides an upfront sales and use tax exemption for materials and supplies used in, and equipment incorporated into, the construction of a new fire station in Minnetonka and the remodeling and expansion of an existing police and fire station in Minnetonka. Effective for sales and purchases made after June 30, 2018, and before January 1, 2021.</p> <p><b>Section 3. Inver Grove Heights fire station.</b> Provides an upfront sales tax exemption for materials and supplies used in and equipment incorporated into the construction of a new fire station, which includes firefighting and public safety training facilities. Effective for sales and purchases made after June 30, 2018, and before January 1, 2021.</p>
<p><b>16</b></p>	<p><b>Second Harvest Heartland.</b> Provides a sales tax construction exemption for a warehouse, distribution, and office facility for the Second Harvest Heartland food bank in Hennepin County. The sales tax must be paid upfront and the contractor may apply for the refund.</p> <p><b>Effective date:</b> Effective for materials and supplies purchased after January 1, 2018, and before January 1, 2022.</p>	<p><b>No comparable provision.</b></p>
<p><b>17</b></p>	<p><b>Nonprofit snowmobile clubs.</b> Provides a sales tax exemption on building materials and supplies used by a nonprofit snowmobile club to construct, maintain, or improve a state or grant-in-aid snowmobile trail.</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	<p><b>No comparable provision.</b></p>
<p><b>18</b></p>	<p><b>Medical facility in underserved area.</b> Provides a construction materials exemption for qualifying medical facilities.</p> <p><b>Effective date:</b> Effective for sales and purchases made after June 30, 2018.</p>	<p><b>No comparable provision.</b></p>
<p><b>19</b></p>	<p><b>Properties destroyed by fire (Mazeppa).</b> Provides a sales tax exemption for reconstruction of the properties affected by the fire in Mazeppa on March 11, 2018. The tax must be paid at the time of purchase and refunded to the property owner. The exemption also covers durable restaurant equipment destroyed in the fire.</p> <p><b>Effective date:</b> Effective retroactively to purchases made after March 11, 2018, and before January 1, 2021.</p>	<p><b>No comparable provision.</b></p>

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Sec.	Article 3: Sales and Use Taxes	Article 3: Sales and Use Taxes
20	<p><b>Former Duluth Central High School.</b> Provides a construction exemption for a private redevelopment project on the site of the former Duluth Central High School. The exemption is limited to \$5 million and only applies if the redevelopment returns the property to the property tax rolls. The tax is paid at the time of purchase and refunded to the project developer.</p> <p><b>Effective date:</b> Effective for purchases made between June 30, 2018, and January 1, 2020.</p>	<p><b>No comparable provision.</b></p>
21	<p><b>Tax collected.</b> Requires that the tax on items exempt in sections 16, 19, and 20 be paid on items at the time of purchase. Also removes references to obsolete sales tax exemptions.</p>	<p><b>No comparable provision.</b></p>
22	<p><b>Refund; eligible persons.</b> Requires the owner or developer of the building or project to apply for a refund of the upfront taxes paid under section 21.</p>	<p><b>No comparable provision.</b></p>
23	<p><b>Application.</b> Requires contractors, subcontractors, and builders provide refund applicants under section 22 with the information needed for the application.</p>	<p><b>No comparable provision.</b></p>
24	<p><b>Collection; disposition.</b> With section 13, exempts distributor sales to gambling organizations of pull-tabs and tipboards from the sales tax.</p>	<p><b>No comparable provision.</b></p>
	<p><b>Article 6, section 4. Same.</b></p>	<p><b>Section 4. New taxes prohibited.</b> Prohibits a city, county, town, or other taxing authority from increasing or imposing an excise tax on food or containers. The prohibition relating to food applies at the manufacturer, distributor, wholesale, or retail levels. The prohibition does not apply to license fees imposed by a licensing authority in the exercise of that authority to license a trade, profession, or business. Effective June 1, 2018.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 5. Liquor, lodging, and restaurant taxes.</b> Modifies the maximum combined rate of Minneapolis lodging taxes, state general taxes, and any other local taxes to 13.875 percent, which would allow the city to restore its lodging tax to the originally authorized three percent. Effective for sales and purchases made after September 30, 2018.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 6. Authority for taxation.</b> Authorizes the city of St. Paul to increase its lodging tax rate to four percent. Effective upon filing of local approval with the Secretary of State.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 7. City of Excelsior; taxes authorized.</b> Allows the city to impose up to a .5 percent local sales tax to fund improvements to The Commons area, including walkability and accessibility improvements, enhancement of beach area and facilities, shoreline erosion prevention and management, redesign of the port and bandshell, and playground improvements. Authorizes the city to issue bonds up to \$7 million to finance the projects. The tax terminates at the earlier of 25 years or when the bonds are repaid. Effective upon filing of local approval with the Secretary of State.</p>
25	<p><b>Melrose construction exemption effective date.</b> Extends the effective date for the sales tax</p>	<p><b>No comparable provision.</b></p>



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Sec.	Article 3: Sales and Use Taxes	Article 3: Sales and Use Taxes
	<p>exemption for reconstruction of properties destroyed by the Melrose fire from January 1, 2019 to January 2022.</p> <p><b>Effective date:</b> The day following final enactment.</p>	
26	<p><b>Municipality owned water treatment facility; city of Elko New Market.</b> Provides a retroactive sales tax exemption for the materials and supplies used in and equipment incorporated into a water treatment facility owned by the city of Elko New Market. The exemption applies to purchases by the city and by contractors, subcontractors, and builders. The city must apply for the refund of taxes paid and the contractor, subcontractors, and builders must provide the city with the information necessary to make the application. Money is appropriated to the commissioner of revenue to pay the refund.</p> <p><b>Effective date:</b> Effect retroactively for sales and purchases made after June 1, 2014, and before June 1, 2016.</p>	<b>No comparable provision.</b>
27	<p><b>Sales tax rate adjustment if tax imposed on remote sellers.</b> Beginning 15 months after the state begins collecting sales tax on marketplace providers and/or other remote sellers, the commissioner of revenue is instructed to reduce the general sales tax and the legacy sale tax rates down by a revenue neutral amount to reflect increased sales collections from these remote sales. Provides a mechanism for calculating the revenue neutral rate.</p> <p><b>Effective date:</b> Effective the day after final enactment.</p>	<b>No comparable provision.</b>

Sec.	Article 4: Property Taxes	Article 4: Property Taxes
	<b>No comparable provision.</b>	<p><b>Section 1. Project tax levy.</b> Allows watershed districts to levy a tax to pay the costs of projects undertaken by the district that are funded, in whole or in part, with money appropriated for grants or loans. Under current law, the levy must be used to pay costs of projects undertaken with proceeds for construction or implementation loans under the Clean Water Partnership program. Effective for taxes payable in 2019 and thereafter.</p>
1	<p><b>County historical society levy.</b> Allows a city or town to fund its own historical society from its property tax levy. Current law only allows them only to fund the county’s historical society.</p> <p><b>Effective date:</b> Day following final enactment.</p>	<b>Section 2. Same.</b>
	<b>Article 8, sections 5 and 8. Same.</b>	<p><b>Sections 3 and 7. Records; data privacy; disclosure.</b> Authorizes county veterans’ service officers and county assessors to disclose to each other private data necessary to determine a client’s eligibility for the disabled veteran’s homestead market value exclusion. Effective the day following final enactment.</p>

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Sec.	Article 4: Property Taxes	Article 4: Property Taxes
2	<p><b>Agricultural historical society property exemption.</b> Increases the amount of property that may be exempted from 20 acres to 40 acres.</p> <p><b>Effective date:</b> Effective beginning with 2018 assessments for taxes payable in 2019.</p>	<p><b>No comparable provision.</b></p>
3	<p><b>Licensed child care facility.</b> Creates a property tax exemption for licensed child care facilities that are owned and operated by a church organization as part of its mission and that accept families that participate in the child care assistance program.</p> <p><b>Effective date:</b> Effective beginning with 2018 assessments for taxes payable in 2019.</p>	<p><b>No comparable provision.</b></p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 4. Certain property owned by an Indian tribe.</b> Provides a property tax exemption for a pharmacy in the city of Minneapolis owned by a federally recognized Indian tribe. The property must have been owned by the tribe on January 1, 2016. This exemption is limited to parcels and structures that do not exceed 4,000 square feet. The exemption expires with taxes payable in 2028. Effective beginning with taxes payable in 2019.</p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 5. Wind energy production tax; definitions.</b> Modifies how multiple wind energy conversion systems can be combined to determine the size of the system which determines the appropriate production tax rate. Language favoring combining systems is removed. Ownership by “the same” person or entities, rather than “similar” persons or entities, is required for combining systems. Also provides that systems eligible for a renewable energy production incentive are not considered to be under common ownership. Effective the day following final enactment.</p>
	<p><b>Art. 5, secs 14 and 30 are similar.</b> The House language cross-references a new classification label, and is first effective for taxes payable in 2020.</p>	<p><b>Sections 6 and 13. Manufactured home park cooperative; property taxes payable.</b> Allow manufactured home park cooperative residents to include 17 percent of the rent paid for site rental in the determination of property taxes payable for purposes of the homestead credit refund. Under current law, residents may claim a property tax refund for the property taxes paid on the manufactured home itself, but may not include any taxes attributable to ground lease payments. Effective beginning with claims for refunds for taxes payable in 2019.</p>
4	<p><b>Homesteads owned by or leased to a farm business entity.</b> Allows agricultural property that is farmed by a business entity other than the business entity that owns the land to qualify for agricultural homestead, if the person farming the land is an owner of both the operating entity and ownership entity, all owners of the operating entity are owners of the ownership entity, and all owners of both businesses are related to each other within the second degree of kindred.</p> <p><b>Effective date:</b> Assessments in 2018.</p>	<p><b>No comparable provision.</b></p>
5	<p><b>Special agricultural homestead rules.</b> Sections 5 and 6 allow agricultural property owned by an</p>	<p><b>No comparable provision.</b></p>

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Sec.	Article 4: Property Taxes	Article 4: Property Taxes
	<p>individual and a trust (of which the individual, their spouse, or deceased spouse is the grantor) or by two different trusts (of which the grantors of each trust are any combination of the individual, their spouse, or deceased spouse) to qualify for agricultural homestead. Current rules treat trust grantors as owners for purposes of qualifying for the agricultural homestead classification, but do not allow property owned by two different owners to qualify. Expanding the agricultural homestead rules for trusts may allow additional properties to qualify for the qualified farm property subtraction under the estate tax.</p> <p>Section 5 eliminates language allowing certain special agricultural homesteads owned by grantor trusts to qualify for homestead property tax status. This language is moved to section 6, which contains most of the rules relating to trust ownership of homestead and agricultural homestead property.</p> <p>This section also changes the special agricultural homestead rules for agricultural property owned and operated by different business entities in the same manner as the rules are changed under section 4 for agricultural homesteads.</p> <p><b>Effective date:</b> Taxes payable in 2019.</p>	
6	<p><b>Agricultural homesteads; trust rules.</b> Modifies the statute that allow certain properties owned by trusts to qualify for homestead property tax treatment:</p> <ul style="list-style-type: none"> <li>• Adds the language eliminated by section 5.</li> <li>• Defines agricultural land for agricultural homestead rules and classification statutes so that the rules requiring agricultural property to have the same ownership (e.g., when a farm is divided into multiple parcels with different owners or when there are multiple owners of a parcel) are satisfied if the properties are owned by some combination of the individual owner, the individual’s spouse or surviving spouse, or a trust or trusts, the grantor of which is the individual, spouse, surviving spouse, or deceased spouse.</li> <li>• Extends that trust ownership rule to noncontiguous parcels located within four townships or cities.</li> </ul> <p><b>Effective date:</b> Taxes payable in 2019.</p>	<p><b>No comparable provision.</b></p>
7	<p><b>Fractional homesteads.</b> Requires the assessor to prorate the percentage of a homestead that is owned by each owner of a homestead that has multiple owners based on each owner’s deeded interest in the property. If the percentage ownership cannot be determined in this manner, percent ownership is prorated among owners in equal shares.</p> <p><b>Effective date:</b> Assessments beginning in 2018.</p>	<p><b>No comparable provision.</b></p>

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Sec.	Article 4: Property Taxes	Article 4: Property Taxes
	<b>Article 8, section 8. Same.</b>	<b>Section 7.</b> See description in section 3.
8	<b>Class 1 (homestead resorts).</b> Allows a property to qualify for the homestead resort classification when the resort portion of the property is owned by a business entity and the homestead portion is titled in the name of a member of that business entity. <b>Effective date:</b> Taxes payable in 2019.	<b>No comparable provision.</b>
9	<b>Class 2 (agricultural purposes).</b> Provides that land will still qualify for agricultural classification even if the greater of three acres or ten percent of the total land area is used to serve environmental purposes such as buffer strips or retention ponds. Also allows land consisting of a holding pond designed to hold back runoff from a rural expressway to retain agricultural classification. <b>Effective date:</b> Effective beginning with 2018 assessments for taxes payable in 2019.	<b>No comparable provision.</b>
10	<b>Class 4 (resorts).</b> Allows craft houses consisting of not more than five sleeping rooms that provide areas for guests to conduct indoor craft or hobby activities to qualify for the resort classification. <b>Effective date:</b> Effective beginning with 2018 assessments for taxes payable in 2019.	<b>Section 8. Same.</b>
11	<b>Homestead of disabled veteran or family caregiver.</b> Moves the application date for the disabled veterans homestead exclusion from July 1 to December 15, requires the removal of the benefit for non-qualifying homeowners in the taxes payable year following the year that a qualifying veteran sells the property, and allows a qualifying veteran's spouse to retain the spousal benefit when the spouse moves to a home having a value less than or equal to the value of the first home. <b>Effective date:</b> Assessments in 2018 for taxes payable in 2019.	<b>Section 9. Same.</b>
12	<b>Homestead market value exclusion.</b> For purposes of calculating the homestead exclusion, requires the assessor to prorate the percentage of a homestead that is owned by each owner in the manner required in section 7. <b>Effective date:</b> Taxes payable in 2019.	<b>No comparable provision.</b>
13	<b>Agricultural homestead market value credit.</b> For purposes of calculating the agricultural homestead credit, requires the assessor to prorate the percentage of a homestead that is owned by each owner in the manner provided in section 7. <b>Effective date:</b> Taxes payable in 2019.	<b>No comparable provision.</b>
14	<b>Natural gas pipeline.</b> Exempts gas pipelines that meet the following criteria from the state general levy for 12 years: <ul style="list-style-type: none"> <li>• constructed after January 1, 2018;</li> <li>• located outside the metro area; and</li> </ul>	<b>Sections 10 and 11. Similar.</b> Same effect but amends existing subdivisions rather than creating a new subdivision.

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Sec.	Article 4: Property Taxes	Article 4: Property Taxes
	<ul style="list-style-type: none"> <li>located in an area where households or businesses lacked access to natural gas distributions as of January 1, 2018.</li> </ul> <p>Provides that the amount of the state general levy will be reduced so that the tax is not shifted to other properties.</p> <p><b>Effective date:</b> Effective beginning with 2019 assessments for taxes payable in 2020.</p>	
15	<p><b>Medical facility in underserved area.</b> Abates the state general levy for property described in section 19 for 15 years. Provides that the amount of the state general levy will be reduced so that the tax is not shifted to other properties.</p> <p><b>Effective date:</b> Taxes payable in 2019.</p>	<p><b>No comparable provision.</b></p>
	<p><b>No comparable provision.</b></p>	<p><b>Sections 12 and 14. Fire protection special taxing districts.</b> Authorizes two or more political subdivisions to establish a special taxing district for fire protection services, governed by a board of elected representatives of each participating political subdivision.</p> <p>Authorizes a levy not to exceed 0.096 percent of the estimated market value of the district, or \$1,100,000, whichever is less. The proceeds of the tax levy must be used to provide fire protection or emergency medical services to the residents and property located within the district, and to pay any debt issued to accomplish its duties.</p> <p>Allows for additional political subdivisions to be added to the district and for political subdivisions to withdraw from the district. The district may be dissolved by resolution approved by majority vote of the board. Effective the day following final enactment.</p>
16	<p><b>Duties of the commissioner after sale.</b> Requires the commissioner of revenue to issue a deed for land sold at a tax-forfeiture sale if the county auditor has written confirmation from a closing agent, title insurer, or title insurance agent that funds sufficient to purchase the deed are currently held in escrow. Under current law, the deed may not be issued until after the closing. If a closing does not occur, the county must return the deed to the commissioner of revenue for destruction.</p> <p><b>Effective date:</b> Day following final enactment.</p>	<p><b>No comparable provision.</b></p>
	<p><b>No comparable provision.</b></p>	<p><b>Section 13.</b> See description in section 6.</p>
17	<p><b>Restriction (border city enterprise zone).</b> Technical clean-up language restricting types of property that can qualify for border cities enterprise zone tax reductions.</p> <p><b>Effective date:</b> Day following final enactment.</p>	<p><b>No comparable provision.</b></p>
18	<p><b>Scope.</b> Adds a conforming change with reference to the new definition in section 20.</p> <p><b>Effective date:</b> Taxes payable in 2019.</p>	<p><b>No comparable provision.</b></p>
19	<p><b>Medical facility.</b> Defines “medical facility” as: an office, clinic, building or portion of a building used</p>	<p><b>No comparable provision.</b></p>

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Sec.	Article 4: Property Taxes	Article 4: Property Taxes
	to provide primary or specialty care; birth center; hospital; urgent care clinic; or outpatient surgical center.  <b>Effective date:</b> Day following final enactment for taxes payable in 2019.	
20	<b>Medically underserved county.</b> Defines a “medically underserved county” as a county that includes an area designated by the federal health and human services secretary as a medically underserved area. Requires the commissioner of health to certify the counties that qualify to the commissioner of revenue, and requires the commissioner of revenue to provide that information to the counties.  <b>Effective date:</b> Assessments in 2018 for taxes payable in 2019.	<b>No comparable provision.</b>
21	<b>Medically underserved areas.</b> Abates the state general tax for 15 years for a medical facility that has received a local abatement, provided that: <ul style="list-style-type: none"> <li>• the facility is in a medically underserved county;</li> <li>• the facility is not in the metro area;</li> <li>• a local jurisdiction passes a resolution that the facility meets an unmet need; and</li> <li>• both the county and city or town grant the local abatement.</li> </ul> <b>Effective date:</b> taxes payable in 2019.	<b>No comparable provision.</b>
	<b>No comparable provision.</b>	<b>Section 14.</b> See description in section 12.
22	<b>Metropolitan agricultural preserve.</b> Sections 22 to 24 provide that a metropolitan agricultural preserve expires immediately when a public entity purchases the property or acquires an easement for purposes of a public trail or park. The expiration would apply only to the portion of the preserve used for park or trail purposes. Requires the public entity to notify the preserve authority accordingly.  <b>Effective date:</b> Effective the day following final enactment.	<b>Section 15. Same.</b>
23	<b>Expiration for park and trail purposes.</b> See description in section 22.	<b>Section 16. Same.</b>
24	<b>Notice to others.</b> See description in section 22.	<b>Section 17. Same.</b>
25	<b>Effective date.</b> Extends the levy authority of the Northwest Minnesota Multicounty Housing and Redevelopment authority by five years, to taxes payable in 2024.  <b>Effective date:</b> taxes payable in 2019.	<b>Section 18. Same.</b>
	<b>No comparable provision.</b>	<b>Sections 19 through 23. Cloquet Area Fire and Ambulance Special Taxing District.</b> Clarifies the district’s ability to incur debt by allowing the district to issue certificates of indebtedness or capital notes. Clarifies how the levies for debt service for ambulance services and for fire services are to be spread. Also provides that a levy in a

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Sec.	Article 4: Property Taxes	Article 4: Property Taxes
		municipality that wishes to withdraw from the district remains in effect until the obligations outstanding on the date of withdrawal are satisfied. Effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with approval and filing requirements.
	<b>Article 8, section 27. Same.</b>	<b>Section 24. Effective date; application (SFIA).</b> Amends the effective date for a provision passed in 2017 that amended the definition of forest land to include land improved with a paved trail under an easement, lease, or license to the state or a political subdivision. This effective date change clarifies that land improved with a paved trail at the time an SFIA enrollee submits their annual certification meets the new definition. Effective the day following final enactment.
<b>26</b>	<b>Abatement; nonprofit property.</b> Abates property taxes payable in 2018 for a nonprofit community mental health center in Duluth.	<b>No comparable provision.</b>
	<b>No comparable provision.</b>	<b>Section 25. Study of pipeline and public utility operating property.</b> Requires the commissioner of revenue to study and prepare a report on the methods used to value pipeline and certain public utility operating property in Minnesota. The report must, among other things, describe prior and current methods used to value pipeline and public utility operating property, evaluate whether the current methods produce an accurate estimate of market value, and compile and explain the number of pipeline and public utility valuations that have been appealed over the last 20 years and the taxing jurisdictions that have been issued refund orders. Effective July 1, 2018.

Sec.	Article 5: Property Tax Reform	
<b>1</b>	<b>Definition; split residential parcel.</b> Conforms to the new definition of residential classification for parcels that are split between two school districts. <b>Effective date:</b> Taxes payable in 2020.	<b>No comparable provision.</b>
<b>2</b>	<b>Referendum market value.</b> Conforms the definition of referendum market value to the new classification label (4h) for non-commercial seasonal-recreational property. Also eliminates exemption of student housing from referendum market value since those properties would become part of the broader residential classification. <b>Effective date:</b> Taxes payable in 2020.	<b>No comparable provision.</b>
<b>3</b>	<b>Meeting dates; duties.</b> Changes the dates for convening the State Board of Equalization from between April 15 and June 30 to between May 1 and July 1. <b>Effective date:</b> Beginning with assessments in 2020.	<b>No comparable provision.</b>
<b>4</b>	<b>Jurisdictions in two or more counties.</b> Makes a conforming change based on section 3.	<b>No comparable provision.</b>

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Sec.	<b>Article 5: Property Tax Reform</b>	
	<b>Effective date:</b> Beginning with assessments in 2020.	
5	<b>Assessors.</b> Changes the date for an assessor to notify property owners of contamination value from June 1 to May 1. <b>Effective date:</b> Beginning with assessments in 2020.	<b>No comparable provision.</b>
6	<b>Record of proceedings changing net tax capacity; duties of county auditor.</b> Changes the date for the commissioner to certify assessment changes to the county auditor from June 30 to July 1. <b>Effective date:</b> Beginning with assessments in 2020.	<b>No comparable provision.</b>
7	<b>Tax court jurisdiction.</b> Conforms existing law on Small Claims Division tax court jurisdiction to the new class labels. <b>Effective date:</b> Taxes payable 2020.	<b>No comparable provision.</b>
8	<b>Filing dates.</b> Changes the filing date for property tax exemptions from February 1 to May 1. <b>Effective date:</b> beginning with assessments in 2020.	<b>No comparable provision.</b>
9	<b>Community land trusts.</b> Conforms existing law on community land trusts to the new class labels. <b>Effective date:</b> Taxes payable 2020.	<b>No comparable provision.</b>
10	<b>Aggregate resource preservation land requirement.</b> Conforms existing law on aggregate resource preservation land to the new class labels. (Note that there is currently no property enrolled under this program.) <b>Effective date:</b> Taxes payable 2020.	<b>No comparable provision.</b>
11	<b>Application.</b> Changes the application date under the Minnesota Open Space Property Tax Law from November 3 to November 1. <b>Effective date:</b> Beginning with assessments in 2020.	<b>No comparable provision.</b>
12	<b>Homestead property for purposes of state disaster credit.</b> Conforms existing law on disaster credits to the new class labels. <b>Effective date:</b> Taxes payable 2020.	<b>No comparable provision.</b>
13	<b>Homestead property; general rule.</b> States that all homestead property is in class 1, and recodifies language from elsewhere in statutes stating that owner-occupied duplexes and triplexes are eligible for homestead treatment in their entirety. <b>Effective date:</b> Taxes payable 2020.	<b>No comparable provision.</b>
14	<b>Manufactured home park cooperative.</b> Allows members of manufactured home park cooperatives to add their ground lease payments to their property taxes when applying for the homestead credit refund. Also prescribes that this property would be classified as class 1 residential. <b>Effective date:</b> Taxes payable 2020.	<b>Article 4, section 6. Similar.</b> Senate language references existing class label (class 4c(5)(ii)), and is effective beginning with taxes payable in 2019.



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Sec.	Article 5: Property Tax Reform	
15	<p><b>Homestead owned by or leased to family farm corporation, joint farm venture, limited liability company, or partnership.</b> Changes the notification date for business entities seeking to qualify for agricultural homestead treatment.</p> <p><b>Effective date:</b> Beginning with assessments in 2020.</p>	No comparable provision.
16	<p><b>Homestead established after assessment date.</b> Changes the homestead application date from December 15 to December 31, except for manufactured homes, which is changed from May 29 to May 1.</p> <p><b>Effective date:</b> Beginning with assessments in 2020.</p>	No comparable provision.
17	<p><b>Owner-occupied motel property.</b> Conforms existing law on owner-occupied motel property to the new class labels.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	No comparable provision.
18	<p><b>Tax statements; penalties; collections.</b> Changes the date for tax statements to be mailed for manufactured homes from July 15 to July 1.</p> <p><b>Effective date:</b> Beginning with assessments in 2020.</p>	No comparable provision.
19	<p><b>Requirement (low-income rental property eligibility).</b> Conforming change to new classification label in section 2.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	No comparable provision.
20	<p><b>Class 1 (Residential).</b> Defines class 1 as all residential property containing fewer than four dwelling units, with a class rate of one percent on the first \$500,000 of market value and 1.25 percent on the portion over \$500,000. Eliminates the blind/disabled 1b classification (those property owners are made eligible for a special property tax refund under section 32). Strikes the definition of class 1c homestead resorts, since that property is reclassified as class 4b(1) in section 22. Strikes the definition of class 1d migrant housing, since that property is reclassified into class 1.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	No comparable provision.
21	<p><b>Class 2 (Agricultural).</b> Strikes all references to residential uses of property in class 2, since those portions of property will now be classified as class 1. Also restates changes to the definition of “agricultural purposes” made in article 4, section 8.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	No comparable provision.
22	<p><b>Class 4 (miscellaneous property classes).</b> Eliminates residential non-homestead properties from class 4, since they are now included in class 1. Consolidates commercial seasonal-recreational properties into class 4b, with homestead resorts (currently class 1c) as class 4b(1) and non-homestead resorts as class 4b(2). Eliminates the bed &amp; breakfast classification; up to five units of a B&amp;B are allowed to be included with the owner’s residence in class 1. Eliminates the three separate</p>	No comparable provision.

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Sec.	<b>Article 5: Property Tax Reform</b>	
	<p>classifications for manufactured home park land since all manufactured home park land would become part of residential class 1. All other classes in class 4 remain in class 4 and retain their current class rates, but with different classification labels.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	
23	<p><b>Homestead market value exclusion.</b> Conforms existing law on the homestead market value exclusion to the new class labels. (Note that there are no changes made to the homestead market value exclusion itself.)</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	<b>No comparable provision.</b>
24	<p><b>Clarification of residential classification.</b> Specifies particular types of property that are classified as class 1 that are in other classifications under current law.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	<b>No comparable provision.</b>
25	<p><b>Ordinary board; meetings, deadlines, grievances.</b> Changes the deadline for the county assessor to notify the town or city clerk when the local board of appeal will meet from February 15 to March 1. Changes the dates in which a local board of appeal can meet from April 1 to May 31, to April 1 to June 1.</p> <p><b>Effective date:</b> Beginning with assessments in 2020.</p>	<b>No comparable provision.</b>
26	<p><b>Seasonal-recreational net tax capacity (state general levy).</b> Conforms the definitions of seasonal-recreational properties for purposes of the state general levy to the new classification labels in section 22.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	<b>No comparable provision.</b>
27	<p><b>Mailing of tax statements.</b> Changes the deadline to mail tax statements from March 31 to April 1 (except for manufactured homes).</p> <p><b>Effective date:</b> Beginning with assessments in 2020</p>	<b>No comparable provision.</b>
28	<p><b>Residential property definition.</b> Sections 28 and 33 conform existing definition of residential property used in the Iron Range and Metro fiscal disparities programs to the new class labels.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	<b>No comparable provision.</b>
29	<p><b>Determination of validity.</b> Changes the deadline for property tax appeals from April 30 to May 1.</p> <p><b>Effective date:</b> Beginning with assessments in 2020</p>	<b>No comparable provision.</b>
30	<p><b>Property taxes payable (homestead credit refund definition).</b> Clarifies that the homestead credit refund is calculated after taking into account the new blind/disabled refund in section 32. Also clarifies that members of manufactured home co-ops can include ground lease payments with property taxes in applying for the homestead credit refund.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	<b>Article 4, section 13. Similar.</b> Senate language makes same change with regard to allowing members of manufactured home cooperatives to include ground lease payments when applying for the homestead credit refund, except that it is effective beginning with taxes payable in 2019. The Senate language has no comparable provision to the blind and disabled refund.

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Sec.	Article 5: Property Tax Reform	
31	<p><b>Additional refund for homeowners who are blind or disabled.</b> Sections 31 and 32 provide a new state refund program for homeowners who are blind or disabled equal to 0.9 percent of the taxable market value of the homestead, but limited to \$425. This refund is meant to offset the special classification rate (0.45%) that these homeowners receive under current law on the first \$50,000 of value. Eligibility for the refund uses the same definition as is currently in law for class 1b.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	No comparable provision.
32	<p><b>Additional refund for homeowners who are blind or disabled.</b> See description section 31.</p>	No comparable provision.
33	<p><b>Residential property definition.</b> See description for section 28.</p>	No comparable provision.
34	<p><b>Net tax capacity.</b> Changes the date by which assessors certify net tax capacity under fiscal disparities from August 5 to August 1.</p> <p><b>Effective date:</b> Beginning with assessments in 2020</p>	No comparable provision.
35	<p><b>Before May 1 for next year's taxes.</b> Changes the application deadline for Metro agricultural preserves from June 1 to May 1.</p> <p><b>Effective date:</b> Beginning with assessments in 2020</p>	No comparable provision.
36	<p><b>Grace period; taxpayer notice.</b> Prevents an individual from losing a benefit due to missing a new due date, provided that the individual met the previous due date, for the first year the new due dates are effective.</p> <p>Requires the commissioner of revenue to provide notice to all persons affected by the calendar changes and due dates.</p>	No comparable provision.
37	<p><b>School Property tax reform.</b> Establishes a school property tax working group to evaluate the impact of school capital investments on farmland property taxes, simplify school levies and coordinate interactions with the state general levy. Membership consists of four members of the house of representatives, four senators, four representatives of different sectors of the property tax base, and four representatives of school district organizations; the commissioners of education and revenue serve as ex-officio members. The group is charged with developing one or more legislative proposals by January 1, 2019.</p>	No comparable provision.
38	<p><b>Revisor's instruction.</b> Instructs the revisor of statutes to make any necessary cross-reference changes that result from repealers in this act.</p>	No comparable provision.
39	<p><b>Repealer.</b> Repeals a section of statutes pertaining to certification of class 1b property that would not be necessary due to the new refund mechanism in section 32. Repeals two sections relating to the definition of class 1 manufactured home parks, since that special classification is eliminated in section 24.</p> <p><b>Effective date:</b> Taxes payable 2020.</p>	No comparable provision.

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Sec.	Article 5: Property Tax Reform							
	[Table of class labels and class rates under current law compared to H.F. 4385 follows]							
Class	Description	Tiers	--- Current Law ---		----- Proposed -----			
			Local Class Rate	School Ref Liability	Class	Local Class Rate	School Ref Liability	
1a	Residential homestead	First \$500,000 Over \$500,000	1.00% 1.25%	X X	<b>1</b>	1.00% 1.25%	X X	
1b	Blind/disabled homestead	First \$50,000	0.45%	X	<b>1</b>	<b>1.00%</b>	X	
1c	Homestead resorts	First \$600,000 \$600,000 - \$2,300,000 Over \$2,300,000	0.50% 1.00% 1.25%	X X X	<b>4b(1)</b>	0.50% 1.00% 1.25%	X X X	
1d	Mirgrant housing	First \$500,000 Over \$500,000	1.00% 1.25%	X X	<b>1</b>	1.00% 1.25%	X X	
2a	Agricultural hmstd - house, garage, 1 ac (HGA)	First \$500,000 Over \$500,000	1.00% 1.25%	X X	<b>1</b>	1.00% 1.25%	X X	
2a/2b	Agricultural hmstd land	First \$1,900,000 Over \$1,900,000	0.50% 1.00%		2a/2b	0.50% 1.00%		
2a/2b	Agricultural non-hmstd / rural vacant land		1.00%		2a/2b	1.00%		
4a	Residential non-hmstd 4+ Units		1.25%	X	4a	1.25%	X	
4b(1)	Residential non-homestead 1-3 units	First \$500,000 Over \$500,000	1.25% 1.25%	X X	<b>1</b>	<b>1.00%</b> 1.25%	X X	
4b(2)	Unclassified manufactured home	First \$500,000 Over \$500,000	1.25% 1.25%	X X	<b>1</b>	<b>1.00%</b> 1.25%	X X	
4b(3)	Agricultural non-hmstd residence (2-3 units)	First \$500,000 Over \$500,000	1.25% 1.25%	X X	<b>1</b>	<b>1.00%</b> 1.25%	X X	
4b(4)	Unimproved residential land	First \$500,000 Over \$500,000	1.25% 1.25%	X X	<b>1</b>	<b>1.00%</b> 1.25%	X X	
4bb(1)	Residential non-hmstd single unit	First \$500,000 Over \$500,000	1.00% 1.25%	X X	<b>1</b>	1.00% 1.25%	X X	
4bb(2)	Agricultural non -hmstd single unit - (HGA)	First \$500,000 Over \$500,000	1.00% 1.25%	X X	<b>1</b>	1.00% 1.25%	X X	
4bb(3)	Condominium storage unit	First \$500,000 Over \$500,000	1.00% 1.25%	X X	<b>1</b>	1.00% 1.25%	X X	
4c(1)	Comm'l seasonal recreational (resorts)	First \$500,000 Over \$500,000	1.00% 1.25%	X X	<b>4b(2)</b>	1.00% 1.25%	X X	
4c(2)	Qualifying golf course		1.25%	X	<b>4c(2)</b>	1.25%	X	
4c(3)(i)	Non-profit comm. service orgs (non-rev) Cong. - chartered vets orgs (non-rev)		1.50% 1.00%	X X	<b>4d(1)</b>	1.50% 1.00%	X X	
4c(3)(ii)	Non-profit comm. service orgs (donations) Cong. - chartered vets orgs (donations)		1.50% 1.00%	X X	<b>4d(2)</b>	1.50% 1.00%	X X	
4c(4)	Post-secondary student housing	First \$500,000 Over \$500,000	1.00% 1.00%		<b>1</b>	1.00% <b>1.25%</b>	<b>X</b> <b>X</b>	
4c(5)(i)	Manufactured home park	First \$500,000 Over \$500,000	1.25% 1.25%	X X	<b>1</b>	<b>1.00%</b> 1.25%	X X	
4c(5)(ii)	Manufact home park (>50% owner-occupied)	First \$500,000 Over \$500,000	0.75% 0.75%	X X	<b>1</b>	<b>1.00%</b> <b>1.25%</b>	X X	
4c(5)(ii)	Manufact home park (<50% owner-occupied)	First \$500,000 Over \$500,000	1.00% 1.00%	X X	<b>1</b>	1.00% <b>1.25%</b>	X X	
4c(5)(iii)	Class I manufactured home park	First \$500,000 Over \$500,000	1.00% 1.00%	X X	<b>1</b>	1.00% <b>1.25%</b>	X X	
4c(6)	Metro non-profit recreational property		1.25%	X	<b>4c(1)</b>	1.25%	X	
4c(7)	Non-comm'l aircraft hangars & (leased) land		1.50%	X	<b>4e(1)</b>	1.50%	X	
4c(8)	Non-comm'l aircraft hangars & (private) land		1.50%	X	<b>4e(2)</b>	1.50%	X	
4c(9)	Bed & breakfast	First \$500,000 Over \$500,000	1.25% 1.25%	X X	<b>1</b>	<b>1.00%</b> 1.25%	X X	
4c(10)	Seasonal restaurant on a lake		1.25%	X	<b>4f</b>	1.25%	X	
4c(11)	Marina	First \$500,000 Over \$500,000	1.00% 1.25%	X X	<b>4g</b>	1.00% 1.25%	X X	

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4c(12)	Non-comm'l seasonal recreational (cabins)	First \$500,000	1.00%		<b>4h</b>	1.00%	
		Over \$500,000	1.25%			1.25%	
4d	Low-income rental housing (per unit)	First \$139,000	0.75%	X	<b>4i</b>	0.75%	X
		Over \$139,000	0.25%	X		0.25%	X
Note: changed items in <b><i>bold italics</i></b> .							

Sec.	Article 6: Aids and Credits	
1	<p><b>Initial application.</b> Moves the application date for the senior deferral program from July 1 to November 1, and clarifies that a taxpayer may preapply for early approval or denial. The commissioner must notify the taxpayer in writing the reasons for a denial and that the taxpayer may amend their application and resubmit it up to November 1.</p> <p><b>Effective date:</b> Effective beginning with taxes payable in 2019.</p>	<b>No comparable provision.</b>
2	<p><b>Certified aid adjustments.</b> Deletes obsolete provisions and provides onetime extra aid payments to the following two cities for aids payable in 2019 only:</p> <ul style="list-style-type: none"> <li>• \$97,260 to the city of Hermantown for their 2018 loss due to a formula glitch; and</li> <li>• \$150,000 to the city of Lilydale to help pay for some sewer costs.</li> </ul> <p><b>Effective date:</b> Effective for aids payable in calendar year 2019.</p>	<b>No comparable provision.</b>
3	<p><b>Payment dates.</b> Shifts about \$14 million more of the calendar year 2019 city LGA payments to a June payment date rather than a July payment date.</p> <p><b>Effective date:</b> Effective for aids payable in 2019.</p>	<b>No comparable provision.</b>
4	<p><b>New taxes prohibited.</b> Modifies the general prohibition against local government imposing a tax on income or sales by explicitly prohibiting an increase or new excise tax or fee on food and beverages or their containers – at any stage in the distribution process. The prohibition applies to volume and unit taxes as well as those based on value. It applies to food for both human and animal consumption.</p> <p><b>Effective date:</b> Effective the day after final enactment.</p>	<b>Article 3, section 4. Same.</b>
5	<p><b>Cities.</b> Increases the city LGA appropriation in calendar year 2019 only, to pay the extra aid authorized in section 2.</p> <p><b>Effective date:</b> Effective for aids payable in 2019 and thereafter.</p>	<b>No comparable provision.</b>
6	<p><b>Mille Lacs area property tax abatement.</b></p> <p><b>Subd. 1. Abatements authorized.</b> Authorizes Aitkin, Crow Wing, and Mille Lacs Counties to abate local property taxes for taxes payable in 2018 for certain</p>	<b>No comparable provision.</b>

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Sec.	Article 6: Aids and Credits	
	<p>commercial properties, including resorts, restaurants on a lake, and marinas.</p> <p><b>Subd. 2. Appeals.</b> Provides that a county board’s abatement decision is not appealable to the tax court.</p> <p><b>Subd. 3. Qualification requirements.</b> Requires that, to qualify for an abatement, a taxpayer must be located in certain municipalities surrounding the lake, document a five percent reduction in gross receipts between any two calendar years since 2010, and be a business in one of the categories of businesses defined by the North American Industry Classification System.</p> <p><b>Subd. 4. State general levy in relief area.</b> Requires the three counties in section 1 to refund the state general levy for taxes payable in 2018 for commercial properties in the defined area surrounding the lake.</p> <p><b>Subd. 5. Certification and transfer of funds.</b> Requires each county granting state levy refunds and local abatements to certify the amount of the refunds and abatements to Mille Lacs County by February 1, 2019, who must then transfer an equal amount to those counties.</p> <p><b>Subd. 6. Commissioner of revenue; appropriation.</b> Appropriates an amount necessary to make the refund and abatement payments to the commissioner of revenue, for Mille Lacs County, to make the required payments to the counties.</p> <p><b>Subd. 7. Report to legislature.</b> Requires the commissioner of revenue to provide a report to the chairs and ranking members of the legislative tax committees stating the amount of aid granted under this section.</p> <p><b>Subd. 8. Refund eligibility.</b> Provides that only a taxpayer making all property tax payments for taxes payable in 2018 is eligible for a refund.</p>	
7	<b>Repealer.</b> The extra aid to the city of Minneapolis to pay library bonds is repealed effective beginning with aids payable in 2019.	<b>No comparable provision.</b>

Sec.	Article 7: Referendum	
1	<b>Referendum revenue (schools).</b> Requires a school district to state on both its referendum ballot and on its notice to taxpayers the amounts of any board-approved local optional revenue and board-approved referendum authority.	<b>No comparable provision.</b>
2	<b>Uniform election dates.</b> Restricts when a city or town may hold a referendum or reverse referendum to (1) modify a levy, (2) issue debt, or (3) purchase real property to the first Tuesday after the first Monday of November, instead of one of five possible dates. Provides that this limit on election	<b>No comparable provision.</b>

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Sec.	Article 7: Referendum	
	dates doesn't apply to referendum held to deal with an emergency or disaster.	
3	<b>Questions (schools).</b> Restricts when a school district may hold a referendum or reverse referendum to (1) modify a levy, (2) issue debt, or (3) purchase real property to the first Tuesday after the first Monday of November, instead of one of five possible dates. Provides that this limit on election dates doesn't apply to referendum held to deal with an emergency or disaster.	<b>No comparable provision.</b>
4	<b>Municipal authority to regulate public utilities.</b> Provides for public notice, a hearing, and reverse referendum on whether a city may impose a franchise fee that raises revenue in excess of the increased municipal costs due to gas or electric utility operations. An ordinance or agreement that imposes fees that raise revenue may be for up to five years.  The city must identify what will constitute a cost to the city. The notice must explain (1) the intended uses of the fee, (2) the likely increase to customers' utility bills, (3) and alternatives the city could consider instead of imposing the fee.  <b>Effective date:</b> Effective for license, permit, right, or franchise agreements entered into on or after August 1, 2018, and to existing agreements that are still in effect August 1, 2023.	<b>No comparable provision.</b>
5	<b>Municipal telecommunications services (cities).</b> Requires an election on the decision of a city to establish a telephone exchange be held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
6	<b>Contracts (cities).</b> Limits a special election held in response to a petition requesting a referendum relating to a contract for deed or conditional sales tax contract that the city proposes to enter into, to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
7	<b>Voter approval required; leases of public buildings.</b> Provides for a reverse referendum on whether a city (excluding first class cities), county, or urban town may enter into a lease of three or more years for real property with a housing and redevelopment authority (HRA), port authority, economic development authority (EDA), or other entity established by special law with powers similar to those authorities, when the real property was acquired or improved with obligations (bonds or other debt instruments) issued by the authority.  <b>Effective date:</b> Effective for qualified leases entered into after July 1, 2018.	<b>No comparable provision.</b>
8	<b>Referendum in certain cases (municipal liquor stores).</b> Limits the date for an election on whether to issue debt backed by liquor store profits for projects of the city other than projects for the liquor store to the first Tuesday after the first Monday in	<b>No comparable provision.</b>

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Sec.	Article 7: Referendum	
	November of either an even-numbered or odd-numbered year.	
9	<b>Statutory city; on-sale and off-sale store; (liquor dispensary fund, community hospital appropriation).</b> Limits the date for an election on whether to use the liquor dispensary fund to contribute to the community hospital to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
10	<b>Statutory city; off-sale or on- and off-sale store; (liquor dispensary fund, community hospital appropriation).</b> Limits the date for an election on whether to use the liquor dispensary fund to contribute to the community hospital to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
11	<b>Fourth class city operating store (liquor dispensary fund, community hospital appropriation).</b> Limits the date for an election on whether to use the liquor dispensary fund to contribute to the community hospital to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
12	<b>Statutory city; fourth class (liquor dispensary fund, community hospital appropriation).</b> Limits the date for an election on whether to use the liquor dispensary fund to contribute to the community hospital to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
13	<b>Statutory city; any store (liquor dispensary fund, community hospital appropriation).</b> Limits the date for an election on whether to use the liquor dispensary fund to contribute to the community hospital to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
14	<b>Submission to voters (public utility).</b> Limits the date for an election on the question of acquiring property for the public utility to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
15	<b>Submission to voters (electric utility).</b> Limits the date for an election on the question of incurring expense for the public utility to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
16	<b>Municipalities may extend electric service.</b> Limits the date for an election on the question of extending service outside the municipality to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
17	<b>Authorization (local lodging tax).</b> Strikes the option for a special town meeting on whether the town will impose a local lodging tax. The vote of the electors may only be at the annual town meeting.	<b>No comparable provision.</b>



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Sec.	Article 7: Referendum	
18	<b>Reverse referendum (local lodging tax).</b> Limits the date for election in the unorganized territory of the county held pursuant to a petition (reverse referendum) on whether the county will impose a local lodging tax to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
19	<b>May use fund for other purposes upon vote (public works reserve fund).</b> Limits the date for an election on the question of whether the city may use the public works reserve fund for another purpose to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
20	<b>Expenditure from fund, limitations (permanent or replacement fund).</b> This section applies to each city in which the net tax capacity of real and personal property consists in part of iron ore or lands containing taconite or semi-taconite and in which the total estimated market value of real and personal property exceeds \$2,500,000. Limits the date for an election on the question of whether to exceed the statutory limit for expenditure from the fund for one project to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
21	<b>Use of fund for a specific purpose (infrastructure replacement reserve fund).</b> Limits the date for an election on whether use of the infrastructure replacement reserve fund should be restricted to a specific improvement or type of capital improvement to the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>
22	<b>Election date (general law on municipal debt).</b> Allows a town to pose the question at an election held on the same day as the annual town meeting or on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.	<b>No comparable provision.</b>

Sec.		Article 5: Public Finance
1	<b>No comparable provision.</b>	<b>Interest; drainage lien.</b> Modifies the interest rate charged on drainage lien principal so that the interest rate may not exceed the rate set by the State Court Administrator, or six percent, whichever is greater.
2	<b>No comparable provision.</b>	<b>Any relief under bankruptcy code.</b> Deletes an outdated reference to the United States Bankruptcy Code.
3	<b>Article 8, section 21. Same.</b>	<b>Bond allocation; public facilities projects.</b> Allow district heating projects owned by for-profit entities to qualify as public facilities projects under the Minnesota’s bond allocation process. Under present law, these projects must be owned by a governmental entity or a nonprofit organization to qualify for an allocation of public facilities bonding.

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<b>Sec.</b>		<b>Article 5: Public Finance</b>
<b>4</b>	<b>No comparable provision.</b>	<b>Definitions.</b> Updates a cross-reference to the definition of “municipality” for purposes of capital improvement bonds.

<b>Sec.</b>	<b>Article 8: Miscellaneous</b>	<b>Article 6: Miscellaneous</b>
<b>1</b>	<b>No state spending for certain rail projects.</b> Prohibits using state money for the Zip Rail project. This limit applies to any purposes related to the project (e.g., planning, design, engineering, land acquisition, construction, and operation). These restrictions do not apply to private contributions or if the legislature adds the Zip Rail project to the state freight and passenger rail plan or directly appropriates money for the plan. <b>Effective date:</b> Day following final enactment.	<b>No comparable provision.</b>
<b>2</b>	<b>Restrictions on leasing state property for Zip Rail.</b> Requires the commissioners of administration and transportation to include security bonds or similar guarantees against state loss in leases for the Zip Rail project (e.g., leasing the highway right-of-way). <b>Effective date:</b> Day following final enactment.	<b>No comparable provision.</b>
	<b>H.F. 3138, article 9, section 1. Same.</b>	<b>Section 1. Operations funding.</b> Permits MNsure to continue to collect up to 3.5 percent of premiums for plans sold through MNsure to fund the operation of MNsure through December 31, 2018. Beginning January 1, 2019, lowers the amount MNsure may collect to 2 percent of premiums for plans sold through MNsure, and caps the total amount collected per year at 25 percent of the Minnesota Comprehensive Health Association (MCHA) member assessments collected in calendar year 2012.
	<b>H.F. 3138, article 9, section 2. Same.</b>	<b>Section 2. Health carrier and health plan requirements; participation.</b> Provides that a health plan that meets the minimum requirements in state and federal law for certification as a qualified health plan, is deemed to be in the interests of qualified individuals and employers. Strikes language listing elements the MNsure board may consider when determining the interests of qualified individuals and employers for purposes of certifying qualified health plans, and prohibits the MNsure board from establishing additional requirements for certifying health carriers and health plans to be offered through MNsure. Also prohibits the board from establishing costs, cost-sharing elements, or benefits for health plans sold through MNsure. Updates references to federal law and strikes outdated language.
	<b>H.F. 3138, article 9, section 3. Same.</b>	<b>Section 3. Limitations; risk bearing.</b> Prohibits the commissioner of human services from bearing insurance risk or entering into any agreement to pay claims for health coverage for a state health care program available for purchase through the MNsure Web site, as an alternative to purchasing an individual health plan. Specifies that this subdivision does not prohibit the commissioner from administering medical assistance or

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Sec.	Article 8: Miscellaneous	Article 6: Miscellaneous
		MinnesotaCare, as long as health coverage under medical assistance or MinnesotaCare is not purchased by an individual through MNsure’s Web site. Also provides that this subdivision does not prohibit employees of DHS from obtaining insurance coverage through the state employee group insurance program.
	<b>No comparable provision.</b>	<b>Section 4. Reports.</b> Requires MNsure to include the total amount spent on business continuity planning, data privacy protection, and cyber security provisions in its annual report to the legislature.
3	<b>Eminent domain.</b> Prohibits use of eminent domain law by the state, a local government, or a private railroad for the Zip Rail project. <b>Effective date:</b> Day following final enactment.	<b>No comparable provision.</b>
4	<b>State rail plan.</b> Prohibits inclusion of the Zip Rail project in the statewide freight and passenger rail plan and directs the commissioner of transportation to remove the project from the plan by February 1, 2019. <b>Effective date:</b> Day following final enactment	<b>No comparable provision.</b>
5	<b>Records, data privacy.</b> Authorizes the county veterans service officer to share certain data on veterans with the county assessor, for purposes of making eligibility determinations under the disabled veterans homestead exclusion, in conjunction with section 8. <b>Effective date:</b> Day following final enactment.	<b>Article 4, section 3. Same.</b>
6	<b>Environmental insurance required for passenger rail projects.</b> Requires a private entity seeking a federal or state permit to construct or operate a passenger rail project with a capital cost of \$1 billion or more to obtain environmental insurance. (The definitions exclude projects operated by a governmental unit, e.g., LRT or commuter rail projects operated by the Metropolitan Council.) The requirements would only apply to the developer of the project, not a contractor who applied for a building permit.  The insurance must cover environmental remediation and impairment damages. The commissioner of the Pollution Control Agency must approve the adequacy of the insurance, including dollar limits on the coverage. <b>Effective date:</b> Projects for which application is made after the day following final enactment.	<b>No comparable provision.</b>
7	<b>Political contribution refund (PCR).</b> Eliminates a reference to the political contribution refund program in DOR’s chapter, since the PCR is repealed by section 34. <b>Effective date:</b> Claims based on contributions made after July 1, 2018.	<b>No comparable provision.</b>
8	<b>Disclosure.</b> Authorizes the county assessor to share certain data on veterans with the county veterans	<b>Article 4, section 7. Same.</b>

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Sec.	Article 8: Miscellaneous	Article 6: Miscellaneous
	service officer, for purposes of making eligibility determinations under the disabled veterans homestead exclusion, in conjunction with section 5. <b>Effective date:</b> Day following final enactment.	
9	<b>PCR.</b> Eliminates a reference to the political contribution refund program in the tax administration chapter, since the PCR is repealed by section 34. <b>Effective date:</b> Claims based on contributions made after July 1, 2018.	<b>No comparable provision.</b>
10	<b>PCR.</b> Modifies the definition of taxpayer in chapter 290 to eliminate the special definition related to the PCR. <b>Effective date:</b> Claims based on contributions made after July 1, 2018.	<b>No comparable provision.</b>
11	<b>Hennepin tax sharing.</b> Requires Hennepin County to share the revenue it collects from its 0.5 percent local transportation tax if requested with Maple Grove and Plymouth, the only cities in the county with a population of 60,000 or more that do not have a planned or operating transit line located in the city. Each city would receive 50 percent of the county sales tax revenue collected within the city and must use the money for improvements to county highways and bridges in the portion of the city located in the county. <b>Effective date:</b> July 1, 2018.	<b>No comparable provision.</b>
	<b>No comparable provision.</b>	<b>Section 5. Occupation taxes to be apportioned; refund.</b> Provides a refund of the occupation tax to taconite producers with any occupation tax revenue remaining in the general fund after all statutory allocations are made. The refund amount shall be equal to the proportion of occupation tax paid by a producer compared to the tax paid by all producers. The total amount of refunds is limited to \$5 million per year. Other formatting changes are also made. Effective beginning with distributions made in 2019 and thereafter.
12	<b>Guaranteed distribution.</b> Guarantees the amount of the production tax on taconite that is distributed to the taconite municipal aid account at 100 percent of the maximum guarantee amount. Currently, the amount guaranteed declines with production. <b>Effective date:</b> Distributions in 2019.	<b>No comparable provision.</b>
13	<b>Taconite economic development fund (TEDF).</b> Modifies the projects for which funds may be released. Allows the commissioner of IRRRB to release funds prior to the next board meeting and requires un-released TEDF funds to be distributed to the taconite environmental protection fund. <b>Effective date:</b> Day following final enactment.	<b>Section 6. Same.</b>
14	<b>Cities; towns (taconite relief area).</b> Requires an annual inflation adjustment to the 12.5 cents per ton allocation of the production tax to the taconite municipal aid account.	<b>No comparable provision.</b>

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	<b>Effective date:</b> Distributions in 2019.	
	<b>No comparable provision.</b>	<b>Section 7. Iron Range school consolidation and cooperatively operated school account.</b> Provides that the school account shall continue to receive an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator relating to the production tax rate for distributions in 2017 and thereafter. Effective for distributions beginning in 2018 and thereafter.
15	<b>TEDF.</b> Clarifies that TEDF distributions must be made to a Minnesota taconite pellet producer’s fund.  <b>Effective date:</b> Retroactively from December 31, 2016.	<b>Section 8. Same.</b>
16	<b>Unmanned aircraft.</b> Defines an unmanned aircraft for the chapter on aeronautics.  <b>Effective date:</b> Effective July 1, 2018.	<b>No comparable provision.</b>
17	<b>Unmanned aircraft system.</b> Defines an unmanned aircraft system for the chapter on aeronautics.  <b>Effective date:</b> Effective July 1, 2018.	<b>No comparable provision.</b>
18	<b>Unmanned aircraft systems.</b> Requires registration and payment of a \$25 fee for unmanned aircraft that have a takeoff weight of under 55 pounds. For unmanned aircraft that are under the 55 pounds weight limit and are owned and operated only for recreation, registration is not required and no fee is due. The fee or fee exemption for applicable unmanned aircraft is instead of the current aircraft registration tax (which varies based on aircraft price, with a minimum of \$100).  <b>Effective date:</b> Effective July 1, 2018.	<b>No comparable provision.</b>
19	<b>Tax refund.</b> Modifies an aircraft tax refund provision so that refunds are not available for unmanned aircraft that are destroyed or removed from the state.  <b>Effective date:</b> Effective July 1, 2018.	<b>No comparable provision.</b>
20	<b>No local spending for Zip Rail.</b> Prohibits any city, county, or special taxing district in Development Region 10 or 11 and the DMC entities from spending public money on the Zip Rail project, parallel to the limits on state spending in section 1. These restrictions do not apply to private contributions or if the legislature adds the Zip Rail project to the state freight and passenger rail plan.  Regions 10 and 11 include the following counties: Anoka, Carver, Dakota, Dodge, Fillmore, Freeborn, Goodhue, Hennepin, Houston, Mower, Olmsted, Rice, Scott, Steele, Wabasha, Washington, and Winona.  <b>Effective date:</b> Day following final enactment.	<b>No comparable provision.</b>
21	<b>Bond allocation; public facilities projects.</b> Allow district heating projects owned by for-profit entities to qualify as public facilities projects under the Minnesota’s bond allocation process. Under present	<b>Article 5, section 3.</b>

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Sec.	Article 8: Miscellaneous	Article 6: Miscellaneous
	law, these projects must be owned by a governmental entity or a nonprofit organization to qualify for an allocation of public facilities bonding.	
22	<p><b>St. Cloud liquor and food tax authorized.</b> Allows the city of St. Cloud to increase its existing food and beverage tax from one percent to 1.5 percent if approved by the voters at a general election. The proceeds from the tax increase must be used to pay for improvements to the Municipal Athletic Center, including associated bond costs.</p> <p><b>Effective date:</b> Local approval by the city.</p>	<b>No comparable provision.</b>
23	<p><b>St. Cloud additional tax authorized (lodging).</b> Allows the city of St. Cloud to increase its extra two percent lodging tax to three percent if approved by the voters at a general election. The proceeds from the tax increase must be used to pay for improvements to the Municipal Athletic Center, including associated bond costs.</p> <p><b>Effective date:</b> Local approval by the city.</p>	<b>No comparable provision.</b>
24	<p><b>Bloomington TIF.</b> Extends the five-year rule for the Bloomington Central Station TIF district from 15 years to 20 years. (The five-year rule was previously extended.) In addition, it exempts the district from the requirement that after that period, in-district increments must be used to decertify the district early.</p> <p><b>Effective date:</b> Local approval by the city.</p>	<b>No comparable provision.</b>
25	<p><b>Cloquet local sales tax; use of revenues.</b> Provides that the city of Cloquet may shift the use of its sales tax revenue from development along Highway 33 and Interstate 35, to infrastructure projects including roads and bridges as well as the current authorized sewer and water projects.</p> <p><b>Effective date:</b> Local approval by the city.</p>	<b>No comparable provision.</b>
	<b>No comparable provision.</b>	<p><b>Section 9. Expanded access to qualified health plans and subsidies.</b> Requires the commissioner of commerce to submit federal waivers and approvals by October 1, 2018, for a proposal to allow individuals to purchase qualified health plans outside of MNsure and receive advanced premium tax credits and cost-sharing reductions for the purchase of these plans.</p>
26	<p><b>Appropriation; Melrose fire remediation grants.</b> Adjusts the amounts appropriated to Melrose in the 2017 tax act so that more of the grant will be directed to the city and a lesser amount to the county, and allows the appropriation to remain available until June 30, 2021.</p>	<p><b>Section 10. Similar.</b> Does not adjust the appropriation amounts.</p>
27	<p><b>Effective date; application (SFIA).</b> Amends the effective date to an SFIA provision enacted in 2017 that amended the definition of forest land to include land improved with a paved trail under an easement, lease, or license to the state or a political subdivision. The change to the effective date clarifies that land improved with a paved trail at the</p>	<p><b>Article 4, section 24. Same.</b></p>

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	<p>time an SFIA enrollee submits their annual certification meets the new definition of forest land.</p> <p><b>Effective date:</b> Day following final enactment.</p>	
28	<p><b>Transfer 2018 distributions.</b> Requires a onetime transfer of 10 cents per ton from the property tax relief account to the IRRRB, if there are excess funds in the tax relief account after the required distributions.</p> <p><b>Effective date.</b> Distributions in 2018 and within ten days of the August payment.</p>	Section 12. Same.
29	<p><b>Minneapolis, Upper Harbor TIF.</b> Authorizes the city of Minneapolis to create redevelopment TIF districts in an area of North Minneapolis along the Mississippi River (generally referred to as the Upper Harbor Terminal area). Under the bill, the following special rules would apply to these TIF districts:</p> <ul style="list-style-type: none"> <li>• The districts would be redevelopment districts without meeting the statutory “blight test” that provides limits (based on the percentages of the area’s parcels that are occupied by improvements and of the parcel’s buildings that are substandard). Redevelopment districts are allowed a longer duration (25 years) than districts that meet a lesser blight test (e.g., renewal and renovation districts – 15 years) or that are not required to meet a blight test at all (economic development districts – eight years).</li> <li>• Increments from the districts would not be required to be spent on “blight correction,” as is required under general law for redevelopment districts.</li> <li>• The five-year rule is extended to ten years.</li> <li>• The percentage pooling rules do not apply, if the increments are spent on activities in geographic areas defined in the bill.</li> </ul> <p><b>Effective date:</b> Local approval by the city.</p>	No comparable provision.
30	<p><b>Champlin TIF.</b> Allows the city of Champlin to elect to extend the five-year rule to ten years for its Mississippi Crossings TIF district. In addition, it exempts the district from the requirement that after that period in-district increments must be used to decertify the district early.</p> <p><b>Effective date:</b> Local approval by the city.</p>	No comparable provision.
31	<p><b>Revenue department service and recovery fund.</b> Cancels \$3,411,000 of the balance in the local sales tax administrative account in this fund to the general fund in fiscal year 2018.</p> <p><b>Effective date:</b> Day following final enactment.</p>	No comparable provision.
	H.F. 3138, article 9, section 7. Same.	Section 11. Rates for individual market health and dental plans for 2019. Requires health carriers, when setting rates for individual health and dental plans for 2019, to take into account the

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Sec.	Article 8: Miscellaneous	Article 6: Miscellaneous
		reduction in the premium withhold percentage beginning in 2019.
	<b>Section 28. Same.</b>	<b>Section 12. Transfer 2018 distribution only.</b> Transfers ten cents per ton from the property tax relief account to the IRRRB account, but only if there are excess funds in the property tax relief account after all required distributions are made. Effective for the 2018 distribution, and the transfer must be made within ten days of the August 2018 payment.
<b>32</b>	<b>Appropriation (Mazeppa fire).</b> Appropriates \$2,600 to the city of Mazeppa and \$2,400 to Wabasha County in fiscal year 2019 to reimburse for property tax abatements and other costs associated with the fire on March 11, 2018.	<b>No comparable provision.</b>
<b>33</b>	<b>Unmanned aircraft registration tax refund; appropriation.</b> Provides for refund of the aircraft registration tax if the person also registers the aircraft under the \$25 fee structure established in section 3. Appropriates the amount necessary for refunds from the state airports fund. <b>Effective date:</b> Effective July 1, 2018.	<b>No comparable provision.</b>
<b>34</b>	<b>Repealer; PCR.</b> Repeals various provision of the statutes providing and relating to the PCR. <b>Effective date:</b> Contributions made after July 1, 2018, and refund claims made after July 1, 2018.	<b>No comparable provision.</b>

Sec.	Article 9: Department of Revenue; Property Tax; Policy Changes	Article 7: Department of Revenue; Property Tax; Policy Changes
<b>1</b>	<b>Administration (Small Cities Assistance).</b> Provides that the commissioner of transportation will certify aid amounts for the Small Cities Assistance program to the commissioner of revenue by June 1. <b>Effective date:</b> Effective for aids payable in 2018 and thereafter.	<b>Section 1. Same.</b>
<b>2</b>	<b>Assessor sanctions; refusal to license.</b> Requires the commissioner of revenue to make recommendations to the Board of Assessors for sanctions and clarifies the notice and hearing procedures for an applicant or licensee who disputes the commissioner’s recommendation. <b>Effective date:</b> Effective for sanctions or refusals to grant or renew a license recommended by the commissioner of revenue after June 30, 2018.	<b>Section 2. Same.</b>
<b>3</b>	<b>Requirement (Certificates of Real Estate Value).</b> Changes the threshold for filing a Certificate of Real Estate Value at consideration in excess of \$1,000 to in excess of \$3,000. <b>Effective date:</b> Effective for certificates of value filed after December 31, 2018.	<b>Section 3. Same.</b>
<b>4</b>	<b>Determination of tax (deed tax).</b> Changes the minimum consideration for real property, used in calculating the deed tax, from \$500 or less to \$3,000 or less.	<b>Section 4. Same.</b>



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Sec.	Article 9: Department of Revenue; Property Tax; Policy Changes	Article 7: Department of Revenue; Property Tax; Policy Changes
	<b>Effective date:</b> Effective for deeds recorded after December 31, 2018.	

Sec.	Article 10: Department of Revenue; Miscellaneous; Policy Changes	Article 8: Department of Revenue; Miscellaneous; Policy Changes
1	<p><b>Revocation or cancellation.</b> Permits the Department of Revenue to disclose information about the holder of a sales tax permit to any person, if the department cancelled the permit under section 270C.722 or 297A.84. The department may disclose the basis for the cancellation, the date of the cancellation, and if the permit was reinstated, the date upon which it was reinstated.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 1. Same.
2	<p><b>Permits issued and not issued; cancellation (sales tax).</b> Forbids the Department of Revenue from issuing a new sales tax permit to a business or person that has an unpaid sales tax liability not under appeal. Permits the department to cancel a permit (with notice) if a permit was issued that does not comply with the statutory requirements for issuing a permit. Requires the department to reissue a permit if the permit holder demonstrates that the permit was issued in accordance with statute.</p> <p><b>Effective date:</b> Effective for permits applied for after December 31, 2018.</p>	Section 2. Same.
3	<p><b>Cancellation of permits.</b> Adds the cancellation provision from section 1 to the list of conditions that allow the commissioner to cancel a sales tax permit.</p> <p><b>Effective date:</b> Effective for permits applied for after December 31, 2018.</p>	Section 3. Same.

Sec.	Article 11: Department of Revenue; Partnership Tax; Policy Changes	Article 9: Department of Revenue; Partnership Tax; Policy Changes
1	<b>Enforcement; administrative order; penalties, cease and desist.</b> Updates a cross-reference.	Section 1. Same.
2	<b>Individual income, fiduciary income, mining company, corporate franchise, and entertainment taxes.</b> Updates a cross-reference.	Section 2. Same.
3	<b>Erroneous refunds.</b> Updates a cross-reference.	Section 3. Same.
4	<b>Incorrect determination of federally adjusted gross income.</b> Updates a cross-reference.	Section 4. Same.
5	<b>Definitions; partnerships; federal adjustments.</b> Adds a new section of law containing various definitions relating to the reporting of federal adjustments, and federal adjustments to partnership returns.	Section 5. Same.
6	<b>Reporting federal adjustments; general rule.</b> Replaces § 289A.38, subd. 7, with a new provision and provides the general requirement that taxpayers report federal audit adjustments, and amended federal returns to Minnesota within 180 days.	Section 6. Same.

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Sec.	Article 11: Department of Revenue; Partnership Tax; Policy Changes	Article 9: Department of Revenue; Partnership Tax; Policy Changes
	Partnerships having undergone entity level audit are exempt from this provision and are required to report adjustments to Minnesota under § 289A.383.	
7	<p><b>Reporting and payment requirements (adjustments following a partnership level audit).</b> Provides for the reporting of federal adjustments following a partnership level audit by the IRS. By default, each partnership will be required to file a federal adjustments report related to federal changes, and submit the report to both Minnesota and its direct partners within 90 days. Each partnership reporting changes must also file amended composite and withholding reports for nonresident partners within 180 days. Each direct partner, other than tiered partners, receiving an adjustment report as described above is also required to make a federal adjustment report and pay any additional tax due within 180 days of the final determination date.</p> <p>Each partnership reporting federal adjustments after a partnership level audit is also eligible to make an election to pay the additional tax due to Minnesota at the entity level. A partnership making the election is required to do so on a federal adjustment report filed with the commissioner within 90 days of the final determination date. A partnership making the election must be able to determine and report the residency status of all direct individual partners, and pay tax on the properly allocated and apportioned share of all income at the highest marginal rate for its individual and corporate partners.</p>	<p><b>Section 7. Similar.</b> Requires reporting of residency information and making allocations for indirect partners in certain circumstances in subdivision 3. Limits credit in subdivision 5 to direct partners.</p>
8	<p><b>Assessment of tax, interest, penalties, and additional amounts (statute of limitations).</b> Provides that when a taxpayer reports federal adjustments pursuant to §§ 289A.382 and 289A.383 in a timely fashion that the statute of limitations on assessment for state tax purposes is extended for a period of one year. When a taxpayer files a federal adjustment report in an untimely fashion the statute of limitations is extended for the shorter of either (1) one year after the filing of the untimely report; or (2) six years.</p>	<p><b>Section 8. Same.</b></p>
9	<p><b>Statute of limitations on refund claims.</b> Provides that the statute of limitations on refund claims related to adjustments made by the IRS is equal to the extended period for additional assessments under Minn. Stat. § 289A.384.</p>	<p><b>Section 9. Same.</b></p>
10	<p><b>Consent to extend refunds.</b> Makes changes to correct cross references and generally comport with the changes in other sections. In addition, eliminates the authority to make assessments for an additional six month period when no federal changes are made.</p>	<p><b>Section 10. Similar.</b> Does not eliminate the authority to make assessments after the six month period when no federal changes were made.</p>
11	<p><b>Penalty for failure to notify of federal change.</b> Updates a cross-reference.</p>	<p><b>Section 11. Same.</b></p>
12	<p><b>Partners, not partnership, subject to tax.</b> Updates a cross-reference.</p>	<p><b>Section 12. Same.</b></p>

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Sec.	Article 11: Department of Revenue; Partnership Tax; Policy Changes	Article 9: Department of Revenue; Partnership Tax; Policy Changes
13	<b>Time limit for bad debt refund.</b> Updates a cross-reference.	<b>Section 13. Same.</b>
14	<b>Time limit for a bad debt deduction.</b> Updates a cross-reference.	<b>Section 14. Same.</b>
15	<b>Repayment procedures.</b> Updates a cross-reference.	<b>Section 15. Same.</b>
16	<b>Repealer.</b> Repeals Minn. Stat. § 289A.38, subdivisions 7, 8, and 9.	<b>Section 16. Same.</b>

Sec.	Article 12: Department of Revenue; Individual Income and Corporate Franchise Taxes; Technical Changes	Article 10: Department of Revenue; Individual Income and Corporate Franchise Taxes; Technical Changes
1	<b>Federal tax changes.</b> Requires taxpayers to report adjustments to the department following a settlement or compromise with the IRS. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 1. Same.</b>
2	<b>Accelerated recognition of certain installment sales gains.</b> Deletes the phrase “allocable amount” which is rendered unnecessary due to the changes in paragraph (e) section 4. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 2. Same.</b>
3	<b>Schedule of rates for individuals, estates, and trusts.</b> Ensures the general tax brackets for married filing separate are exactly half of married filing joint. Also provides for the representation of accelerated installment sale receipts in the nonresident apportionment fraction of taxpayers who pay income taxes on accelerated installment sale gains under section 4. <b>Effective date:</b> Effective for taxable years beginning after December 31, 2017.	<b>Section 3. Same.</b>
4	<b>Inflation adjustment of brackets.</b> Ensures the general tax brackets for married filing separate are exactly half of married filing joint. <b>Effective date:</b> Effective for taxable years beginning after December 31, 2017.	<b>Section 4. Same.</b>
5	<b>Payments to horse racing license holders.</b> Corrects a cross-reference that was moved in a prior session. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 5. Same.</b>
6	<b>Designation of qualified beneficiary (first time home buyer).</b> Allows a taxpayer to designate the required beneficiary at the same time the taxpayer files their income tax return. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 6. Same.</b>

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Sec.	<b>Article 13: Department of Revenue; Sales and Use Taxes; Technical Changes</b>	<b>Article 11: Department of Revenue; Sales and Use Taxes; Technical Changes</b>
1	<p><b>Ships used in interstate commerce.</b> Clarifies an ambiguity created in the chapter 297A recodification in 2000.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	<p><b>Section 1. Same.</b></p>
2	<p><b>DEED certification of Greater Minnesota businesses.</b> Clarifies that the commissioner of employment and economic development must certify a Greater Minnesota business as a qualifying business under Minn. Stat. § 116J.8738, and that any purchase and delivery received exempt from the sales tax occurred during the duration of the business subsidy agreement.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	<p><b>Section 2. Same.</b></p>
3	<p><b>DEED certification of biopharmaceutical manufacturing facilities.</b> Clarifies that the commissioner of employment and economic development must certify to the commissioner of revenue that the biopharmaceutical manufacturing facility is qualified for the sales tax exemption.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	<p><b>Section 3. Same.</b></p>
4	<p><b>Recordkeeping requirement.</b> Reinstates a record keeping requirement inadvertently omitted during the chapter 289A recodification in 1990.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	<p><b>Section 4. Same.</b></p>

Sec.	<b>Article 14: Department of Revenue; Tobacco Taxes; Technical Changes</b>	<b>Article 12: Department of Revenue; Tobacco Taxes; Technical Changes</b>
1	<p><b>Definition of tobacco product.</b> Amends the definition of tobacco products to include vapor products.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	<p><b>Section 1. Same.</b></p>
2	<p><b>Definition of vapor product.</b> Creates a definition of “vapor product” that includes electronic cigarettes and other components and accessories sold with a nicotine solution, as well as solutions containing nicotine produced from sources other than tobacco.</p> <p><b>Effective date:</b> Effective the day following final enactment except the inclusion of nontobacco nicotine in the definition is effective January 1, 2019.</p>	<p><b>Section 2. Same.</b></p>
3	<p><b>Definition of wholesales sales price.</b> Amends the definition of wholesale sales price so that it does not include the cost of electronic cigarettes and other components and accessories sold separately from a nicotine solution.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	<p><b>Section 3. Same.</b></p>

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Sec.	Article 15: Department of Revenue; Property Taxes; Technical Changes	Article 13: Department of Revenue; Property Taxes; Technical Changes
1	<b>Powers and duties; property tax data reports.</b> Amends the commissioner's powers to administer the state's property tax laws by clarifying that the commissioner of revenue may collect property tax data at the parcel level or higher in the time, form, and manner as the commissioner may prescribe. This method of collection is consistent with property tax data collection under the Property Record Information System of Minnesota.	Section 1. Same.
2	<b>Initial report.</b> Conforming changes and cross-references added to the changes in section 1.	Section 2. Same.
3	<b>Final report.</b> Conforming changes and cross-references added to the changes in section 1.	Section 3. Same.
4	<b>Record of proceedings changing net tax capacity; duties of county auditor.</b> Conforming changes to the changes in section 1.	Section 4. Same.
5	<b>Additional general duties.</b> Conforming changes and cross-references added to the changes in section 1.	Section 5. Same.
6	<b>Training and education of property tax personnel.</b> Conforming changes and cross-references added to the changes in section 1.	Section 6. Same.
7	<b>Reimbursement for lost revenue.</b> Conforming changes and cross-references added to the changes in section 1.	Section 7. Same.
8	<b>Reimbursement for lost revenue.</b> Conforming changes and cross-references added to the changes in section 1.	Section 8. Same.
9	<b>Disaster or emergency area.</b> Conforming changes and cross-references added to the changes in section 1.	Section 9. Same.
10	<b>Reduction amounts submitted to county.</b> Conforming changes and cross-references added to the changes in section 1.	Section 10. Same.
11	<b>Agricultural homestead market value credit.</b> Amends agricultural homestead credit to clarify that a fractional agricultural homestead will also receive a fractional maximum credit amount.	Section 11. Same.
12	<b>Credit reimbursements.</b> Conforming changes and cross-references added to the changes in section 1.	Section 12. Same.
13	<b>Credit reimbursements.</b> Conforming changes and cross-references added to the changes in section 1.	Section 13. Same.
14	<b>Listing, valuation, and assessment of exempt property by county auditors.</b> Conforming changes and cross-references added to the changes in section 1.	Section 14. Same.
15	<b>Length of session; record.</b> Conforming changes to the changes in section 1.	Section 15. Same.
16	<b>Corrected lists, abstracts.</b> Conforming changes to the changes in section 1.	Section 16. Same.
17	<b>Levy amount.</b> Conforming changes and cross-references added to the changes in section 1.	Section 17. Same.

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Sec.	Article 15: Department of Revenue; Property Taxes; Technical Changes	Article 13: Department of Revenue; Property Taxes; Technical Changes
18	<b>Determination; payment.</b> Conforming changes and cross-references added to the changes in section 1.	<b>Section 18. Same.</b>
19	<b>Original net tax capacity.</b> Conforming changes and cross-references added to the changes in section 1.	<b>Section 19. Same.</b>
20	<b>Repealer.</b> Repeals the statute describing the abstract of tax lists. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 20. Same.</b>

Sec.	Article 16: Department of Revenue; Miscellaneous; Technical Changes	Article 14: Department of Revenue; Miscellaneous; Technical Changes
1	<b>Superior National Forest; recreational property for use by disabled veterans.</b> Amends the statute to update language for persons who have a disability. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 1. Same.</b>
2	<b>Certain recreational property for disabled veterans.</b> Amends the statute to update language for persons who have a disability. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 2. Same.</b>
3	<b>Market value definition.</b> Amends the statute to update language for persons who have a disability. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 3. Same.</b>
4	<b>Class 1.</b> Amends the statute to update language for persons who are blind or have a disability. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 4. Same.</b>
5	<b>Homestead of disabled veteran or family caregiver.</b> Amends the statute to update language for persons who have a disability. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 5. Same.</b>
6	<b>Returns of married persons.</b> Updates gender-specific language for spouses. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 6. Same.</b>
7	<b>Requirements to pay.</b> Updates gender-specific language for spouses. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 7. Same.</b>
8	<b>Joint income tax returns.</b> Updates gender-specific language for spouses. <b>Effective date:</b> Effective the day following final enactment.	<b>Section 8. Same.</b>

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Sec.	Article 16: Department of Revenue; Miscellaneous; Technical Changes	Article 14: Department of Revenue; Miscellaneous; Technical Changes
9	<p><b>Order of assessment if joint income tax return.</b> Updates gender-specific language for spouses.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 9. Same.
10	<p><b>Subtraction.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 10. Same.
11	<p><b>Restrictions; married couples.</b> Amends the statutes listed below to update gender-specific language for spouses.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 11. Same.
12	<p><b>Definitions.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 12. Same.
13	<p><b>Income.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 13. Same.
14	<p><b>Household.</b> Updated gender-specific language for spouses.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 14. Same.
15	<p><b>Claimant.</b> Updated gender-specific language for spouses.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 15. Same.
16	<p><b>Combined household income.</b> Amends the statutes listed below to update gender-specific language for spouses.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 16. Same.
17	<p><b>One claimant per household.</b> Amends the statutes listed below to update gender-specific language for spouses.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 17. Same.
18	<p><b>Proof of claim.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 18. Same.
19	<p><b>Disabled.</b> Amends the statute to update language for persons who have a disability.</p> <p>Effective the day following final enactment.</p>	Section 19. Same.
20	<p><b>Other exempt meals.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 20. Same.

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## SENATE

Sec.	Article 16: Department of Revenue; Miscellaneous; Technical Changes	Article 14: Department of Revenue; Miscellaneous; Technical Changes
21	<p><b>Parts and accessories used to make a motor vehicle disabled accessible.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 21. Same.
22	<p><b>Sales of certain goods and services to government.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 22. Same.
23	<p><b>Sales to nonprofit groups.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 23. Same.
24	<p><b>Camp fees.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 24. Same.
25	<p><b>Materials used to make residential property disabled accessible.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 25. Same.
26	<p><b>Tax collected.</b> Amends the statute to update language for persons who have a disability.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 26. Same.
27	<p><b>Purchase price.</b> Amends the statute to update language for persons who have a disability. Amends the statutes listed below to update gender-specific language for spouses.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 27. Same.
28	<p><b>Sale, sells, selling, purchase, purchased, or acquired.</b> Amends the statutes listed below to update gender-specific language for spouses.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 28. Same.
29	<p><b>Effective date.</b> Amends the effective date in Laws 2017, First Special Session chapter 1, article 8, section 3 concerning the period of time to file post-trial motions. After June 30, 2018, all cases have 30 days to file post-trial motions.</p> <p><b>Effective date:</b> Effective the day following final enactment.</p>	Section 29. Same.