

Subject Tax bill  
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### Article 1: Individual Income and Corporate Franchise Taxes

This article makes several changes related to individual income and corporate franchise taxes, including:

- establishing an electronic system for the political contribution refund program;
- requiring the Department of Revenue (DOR) to establish a direct free file system for the individual income tax;
- excluding debt forgiveness from taxation, if the debt was forgiven because it was found to be assumed under coercion;
- requiring disclosure of some corporate franchise tax return information;
- requiring a study on corporate franchise tax base erosion;
- opting out of certain federal rules regarding worker classification and withholding; and
- modifying the housing tax credit.

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

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**1 Data privacy related to electronic reporting system.**

Permits the Campaign Finance and Public Disclosure Board to access data entered by campaign treasurers into the electronic reporting system provided by the board. Under current law, data in the system may not be accessed by the board for any purpose without consent. This section would permit the board to access the data for the purpose of administering the political contribution refund program. Any data accessed, used, or maintained by the board based on this authority is classified as private data.

Effective January 1, 2027.

**2 Refund receipt forms; penalty.**

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

At least once a week, the board is required to provide a receipt validation report to the commissioner of revenue. Specific items that must be reported are specified in the bill.

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

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

**3 Authority; duties. (Beginning farmer credit)**

Modifies the annual set-aside expiration dates that apply to the state's beginning farmer income tax credit, from October 1 to June 1. The set-aside requires 50 percent of new credits to be allocated for sales and rentals to emerging farmers by that date, after which time credit allocations are generally available.

Effective for taxable years in 2025 and thereafter.

**4 Disclosure of certain corporate franchise tax information.**

Requires public disclosure of a corporate franchise tax return for corporations having over \$250,000,000 in gross domestic sales, within two to three years of the end of the corporation's taxable year.

Effective beginning in 2026.

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

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**5 Direct free filing of individual returns.**

Requires DOR to establish an electronic filing system through which taxpayers can file individual income tax returns free of charge. Permits DOR to contract with software vendors for the system, but disallows the contractor selected from offering paid tax preparation services for the Minnesota individual income tax for the tax years the system is active. Requires the system to be made available on DOR’s website.

Requires DOR to coordinate the state direct file system with federal direct free filing systems.

For tax year 2026, requires the system developed include a sufficient number of tax forms that the commissioner estimates 70 percent of resident individual income tax returns could be filed using the system.

Effective the day following final enactment.

**6 Discharges of indebtedness; coerced debt.**

Allows an income tax subtraction for coerced debts that are discharged.

Effective for tax year 2025 and later.

**7 Refund of contributions to political parties and candidates.**

Provides a number of amendments to the law governing the processing of political refund contribution claims, to reflect the electronic filing system required by this bill. Among the changes, the commissioner is prohibited from issuing a refund, whether in one payment or in aggregate, to a taxpayer if the refund exceeds the maximum refund amount permitted by law. Refund claims must be submitted using the electronic filing system and must reflect a minimum \$10 claim amount.

Effective for contributions made after December 31, 2026.

**8 Definitions. (Child credit eligible child changes)**

Amends the definition of “qualifying child” for the Minnesota child credit to allow 18 year-olds to receive the credit for young children.

Effective for tax year 2025 and later.

**9 Definitions. (Qualifying older child)**

Excludes 18 year-olds from the definition of “qualifying older child” in the working family credit. The bill adds 18 year-olds to the definition of “qualifying child” for the Minnesota child credit.

Effective for tax year 2025 and later.

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

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**10 Allocation. (Housing tax credit)**

Allows any unused portion of the \$9,900,000 allocation to the Minnesota housing credit for tax year 2023 and 2024 to be added to the total allocation available in tax year 2025.

Effective for tax years in 2025 and thereafter.

**11 Nonconformity to certain worker classification rules.**

Decouples the state from certain federal employment status decisions, for purposes of determining an employer's obligations to collect state withholding tax from employees. Section 530 of Public Law 95-600 creates a safe harbor for employers that may not have properly classified employees, for purposes of determining the employer's federal employment tax liability.

Effective for taxable years in 2026 and thereafter.

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

Excludes coerced debts from the income measure used to calculate the homestead credit refund.

Effective for refunds based on property taxes paid in 2026 and later.

**13 Appropriation; political contribution refund electronic filing system.**

Appropriates \$147,000 in fiscal year 2026 and \$59,000 in fiscal year 2027 to the commissioner of revenue to develop the electronic political contribution refund filing system.

**14 Transfer; appropriation; direct filing system.**

Appropriates an unspecified amount to the commissioner of revenue to implement the electronic direct file system required in the bill.

**15 Appropriation; corporate franchise tax information disclosure.**

Appropriates \$480,000 to DOR in fiscal year 2026 to administer the corporate franchise tax return disclosure. For 2027 and 2028, the base for this appropriation would be \$198,000.

## **Article 2: Property Taxes and Local Government Aids**

This article makes several changes related to property taxes, including:

- providing property tax exemptions for certain properties owned by Indian Tribes;

- establishing the advance homestead credit for seniors;
- modifying requirements for class 4d(2) community land trust property classification;
- allowing abatements for land bank property;
- modifying local homeless prevention aid; and
- providing aid penalty forgiveness to the city of Stewart.

**Section Description – Article 2: Property Taxes and Local Government Aids**

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**1 Institutions of public charity.**

Requires charitable organizations use a property in furtherance of its charitable purpose to receive a property tax exemption, and clarifies that use of a property solely for the provision of rental housing does not constitute furtherance of its charitable mission.

Effective for taxes payable in 2026 and thereafter.

**2 Property used to distribute electricity to farmers.**

Clarifies that, except for substations and transmission or generation equipment, utility cooperatives' power distribution systems are exempt from property taxes.

Effective for assessment year 2025 and thereafter.

**3 Certain property owned by an Indian Tribe.**

Exempts from property tax five parcels of land owned by the Grand Portage Band. The exemption does not apply if the use of the property changes.

Effective beginning with assessment year 2026.

**4 Certain property owned by an Indian Tribe.**

Provides a property tax exemption for property in Minneapolis owned by the Leech Lake Band of Ojibwe.

Effective beginning with assessment year 2026.

**5 Class 4.**

Removes the requirement that community land trust property receiving the 4d(2) property tax classification be valued based on the normal approach to valuation, without regard to any restrictions that apply because the property is a community land trust property.

Effective beginning with assessment year 2025.

**6 Advance homestead credit for seniors.**

Establishes the advance homestead credit for seniors. Properties owned by an "eligible senior claimant" are eligible for the credit. The credit would be applied to

**Section Description – Article 2: Property Taxes and Local Government Aids**

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the first half (May) property tax payment and would be equal to 50 percent of the homestead credit refund the property owner received in the previous year, except that the credit cannot reduce the first half payment below \$0. The commissioner of revenue would reimburse local taxing jurisdictions for the credit in the same manner that other property tax credits are reimbursed.

Effective beginning with property taxes payable in 2027.

**7 Payment; school districts.**

Adds the advance homestead credit for seniors to the list of property tax credits for which school districts are reimbursed.

Effective beginning with property taxes payable in 2027.

**8 Computation of net property taxes.**

Adds the advance homestead credit for seniors to the computation of property taxes.

Effective beginning with property taxes payable in 2027.

**9 Percentage of assessments; exceptions.**

Clarifies that, except for substations and transmission or generation equipment, utility cooperatives' power distribution systems are exempt from property taxes.

Effective for assessment year 2025 and thereafter.

**10 Amount of tax; distribution.**

Clarifies that, except for substations and transmission or generation equipment, utility cooperatives' power distribution systems are exempt from property taxes.

Effective for assessment year 2025 and thereafter.

**11 Notice of proposed property taxes.**

Adds the advance homestead credit for seniors to the proposed property tax statement that is sent out in the fall.

Effective beginning with property taxes payable in 2027.

**12 Contents of tax statements.**

Adds the advance homestead credit for seniors to the property tax statement.

Effective beginning with property taxes payable in 2027.

**Section Description – Article 2: Property Taxes and Local Government Aids**

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**13 Generally; individuals.**

Establishes a filing requirement for taxpayers who receive an advance senior homestead credit refund.

Effective for credits applied to property taxes payable in 2027 and later.

**14 Property taxes payable.**

Specifies that the amount of property taxes payable used to calculate the homestead credit refund is not reduced by the amount of any advance payments of the refund.

Effective beginning with property taxes payable in 2027.

**15 Eligible senior claimant.**

Defines “eligible senior claimant” as a claimant who is 65 or older. In the case of a married claimant filing a joint claim, one spouse must be 62 and the other must be 65 to qualify as an eligible senior claimant.

Effective for advance payment elections in 2026 and refunds based on property taxes payable in 2027.

**16 Homestead credit refund.**

Defines “homestead credit refund” as the refund under section 290A.04, subdivision 2.

Effective for advance payment elections in 2026 and refunds based on property taxes payable in 2027.

**17 Advance credit of homestead credit refund.**

Requires DOR to establish a program through which eligible senior claimants could opt to receive an “advance payment” of their property tax refund in the form of a property tax credit. The advance payment would equal 50 percent of the senior claimant’s homestead credit refund in the previous year.

**Subd. 1. Advanced payment election established.** Requires DOR to establish a program to elect to receive advance credits of the homestead credit refund.

**Subd. 2. Election for senior claimants to receive advance payments.** Allows eligible senior claimants to elect to receive an advance homestead credit refund on their application for the homestead credit refund. The advance credit is paid as a property tax credit, as described in section 1 above. As part of the application, the claimant must attest that they intend to continue occupying the

**Section Description – Article 2: Property Taxes and Local Government Aids**

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same homestead in the following year. A claimant must apply by August 15 to receive the credit in the following year.

**Subd. 3. Reconciliation.** Requires property tax refund claimants to repay any excess credits if their advance payments exceed the property tax refund amount for which they are eligible. Requires claimants receiving an advance payment to file a property tax refund return in any year for which they receive an advance payment. If a claimant does not file a return by August 15 of the property taxes payable year, DOR may assess penalties and interest.

Effective for advance payment elections in 2026 and refunds based on property taxes payable in 2027.

**18 Land bank organization.**

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

Effective the day following final enactment.

**19 Authority.**

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

Effective the day following final enactment.

**20 Duration limit.**

Allows abatements granted for the development of affordable housing and to land bank property to be granted for a duration of up to five years.

Effective for abatement resolutions approved after the day following final enactment.

**21 Repayment.**

Requires repayment, with interest, of an abatement received by a land bank organization if the land for which the abatement was granted is used for a purpose other than the purpose given by the land bank organization, prior to redevelopment.



**Section Description – Article 2: Property Taxes and Local Government Aids**

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- Land is subject to this provision for the same number of years that the abatement was granted.
- Effective the day following final enactment.
- 22 **Use of proceeds.**  
Prohibits recipients of local homeless prevention aid from using the aid to cover the costs of removing individuals from an encampment or for clearing an encampment.
- Effective beginning with aids payable in 2025.
- 23 **Report.**  
Expires the biannual report for local homeless prevention aid following the report submitted which includes aid paid in 2028.
- Effective beginning with aids payable in 2025.
- 24 **2023 aid penalty forgiveness; city of Stewart.**  
Allows the city of Stewart to receive the portion of its 2023 local government aid payment that was withheld. The city would receive the withheld aid amount of \$87,501.50, provided that, by June 1, the state auditor certifies that the city submitted its required financial statements for 2022.
- Effective the day following final enactment.
- 25 **Property tax exemption; Red Lake Nation College.**  
Provides a property tax exemption for taxes paid in 2022 and a portion of taxes paid in 2021 for property in Minneapolis purchased by Red Lake Nation for the Red Lake Nation College. The bill provides a state payment for taxes attributable to the exemption.
- Effective the day following final enactment.
- 26 **Appropriation; administration of advance homestead credit for seniors.**  
Provides an appropriation of \$158,000 in fiscal year 2026 to the commissioner of revenue to administer the advance homestead credit for seniors.
- Effective July 1, 2025.
- 27 **Repealer.**  
Repeals the expiration of local homeless prevention aid. Under current law, the aid is set to expire after 2028.

## Article 3: Sales and Use Taxes

This article makes several changes related to sales tax and other special taxes, including:

- establishing a gross receipts tax on the operation of amusement devices;
- repealing the tax imposed on illegal cannabis and other controlled substances;
- providing a sales tax exemption for construction materials purchased by the city of Woodbury.

Section	Description – Article 3: Sales and Use Taxes
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1	<b>Credit for research. (Provider tax)</b>
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Establishes a permanent 0.5 percent credit rate for the provider tax research credit. Under current law, the rate is 2.5 percent, but may be reduced to a statutory minimum of 0.5 percent, to the extent the total amount of credits in a year exceeds \$2,500,000.

Effective the day following final enactment.

2	<b>Amusement device gross receipts tax.</b>
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Establishes a gross receipts tax equal to 6.875 percent on the service of making available for play any amusement device. Specifies that the portion of the tax equal to 6.5 percent be deposited in the general fund and the remaining portion be deposited pursuant to the legacy constitutional amendment requirements.

Defines an “amusement device” to be any electronic or mechanical machine or device that operates to provide entertainment or amusement including bowling alleys, fortune telling machines, cranes, foosball tables, pool tables, video games, pinball machines, batting cages, photo booths, etc.

Effective October 1, 2025.

3	<b>Sale and purchase.</b>
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Removes “amusement devices” from the sales tax base for taxable services.

Effective October 1, 2025.

4	<b>Coin-operated entertainment and amusement devices.</b>
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Updates a cross-reference to the gross receipts tax established by section 2, to clarify that the purchase of coin-operated amusement devices by a retailer making available the devices for play is exempt from sales tax.

Effective October 1, 2025.

**Section Description – Article 3: Sales and Use Taxes**

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**5 Jukebox music.**

Updates a cross-reference to the gross receipts tax established by section 2 to clarify that the purchase of music for play in jukeboxes by a retailer making available the jukebox for play is exempt from sales tax.

Effective October 1, 2025.

**6 Criminal act.**

Removes a cross-reference to chapter 297D from the definition of “criminal act” under chapter 609. This is a technical correction necessary for the repeal of the tax under section 8.

Effective August 1, 2025.

**7 City of Woodbury; sales tax exemption for construction materials.**

Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction and renovation of a water treatment facility and associated infrastructure in the city of Woodbury. This exemption only applies to the portion of the construction that is funded by the city.

Requires that materials and supplies be purchased after January 31, 2024, and before July 1, 2025.

**8 Repealer.**

Repeals the taxes imposed on illegal cannabis and controlled substances.

Effective August 1, 2025.

## **Article 4: Tax Increment Financing**

This article amends existing special tax increment financing laws for the cities of Ramsey, St. Paul, and Maple Grove.

This article provides new special tax increment financing authority to the cities of Brooklyn Center, Brooklyn Park, Eden Prairie, Edina, Minnetonka, Moorhead, Plymouth, and St. Cloud.

**Section Description – Article 4: Tax Increment Financing**

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**1 City of Ramsey; tax increment financing district; special rules.**

Provides an extension of the requirement that the city passes a resolution detailing any interfund loan transfers until December 31, 2025.

Effective upon local approval and compliance with filing requirements for special laws.

**2 City of Maple Grove; tax increment financing district.**

Amends an existing special law relating to a tax increment financing district in the city of Maple Grove by making the following modifications:

- extends the five-year rule by an additional five years to 13 years total; and
- extends the duration of the district by an additional five years to 25 years total.

**Effective date:** The extension of the five-year rule is effective upon local approval and compliance with filing requirements for special laws.

The extension of the duration of the district is effective upon local approval by the city of Maple Grove, Hennepin County, and Independent School District No. 279, and compliance with filing requirements for special laws.

**3 City of St. Paul; Ford Site Redevelopment TIF District.**

Extends the five-year rule to ten years and provides a corresponding extension of the six-year rule for a tax increment financing district in the city of St. Paul.

Effective upon local approval and compliance with filing requirements for special laws.

**4 City of Brooklyn Center; tax increment financing authority.**

Authorizes special rules for the city of Brooklyn Center to create redevelopment tax increment financing districts within the city.

**Subd. 1. Establishment.** Authorizes the city to establish one or more redevelopment districts within an area of the city designated the “Opportunity Site.”

**Subd. 2. Special rules.** Allows the following special rules to apply to any district established under subdivision 1:

- exemption from the required blight findings for establishing a redevelopment district; and

**Section Description – Article 4: Tax Increment Financing**

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- deems that any increment spent on development meets the requirement that at least 90 percent of increment be spent on correction of blight conditions.

**Subd. 3. Expiration.** Authorizes the city to establish districts under these special rules until December 31, 2030.

Effective upon local approval and compliance with filing requirements for special laws.

**5 City of Brooklyn Park; tax increment financing authority; Village Creek area.**

**Subd. 1. Establishment.** Authorizes the city to establish one or more redevelopment districts within the city limited to specified parcels once the current TIF District No. 20 expires.

**Subd. 2. Special rules.** Allows the following special rules to apply to any district established under subdivision 1:

- exemption from the required blight findings for establishing a redevelopment district;
- deems that any increment spent on development meets the requirement that at least 90 percent of increment be spent on correction of blight conditions; and
- extension of the five-year rule to ten years and corresponding extension of the six-year rule.

**Subd. 3. Expiration.** Authorizes the city to establish one or more redevelopment districts subject to the special rules of this section by the end of 2030.

Effective upon local approval and compliance with filing requirements for special laws.

**6 City of Brooklyn Park; tax increment financing authority; 610/Zane area.**

**Subd. 1. Establishment.** Authorizes the city or its economic development authority to establish one or more redevelopment districts within the city limited to specified parcels.

**Subd. 2. Special rules.** Allows the following special rules to apply to any district established under subdivision 1:

- exemption from the required blight findings for establishing a redevelopment district;
- deems that any increment spent on development meets the requirement that at least 90 percent of increment be spent on correction of blight conditions; and

**Section Description – Article 4: Tax Increment Financing**

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- extension the five-year rule to ten years and corresponding extension of the six-year rule.

**Subd. 3. Expiration.** Authorizes the city to establish districts under these special rules until December 31, 2030.

Effective upon local approval and compliance with filing requirements for special laws.

**7 City of Brooklyn Park, tax increment financing authority; BioTech area.**

**Subd. 1. Establishment.** Authorizes the city or its economic development authority to establish one or more redevelopment districts within the city limited to specified parcels.

**Subd. 2. Special rules.** Allows the following special rules to apply to any district established under subdivision 1:

- exemption from the required blight findings for establishing a redevelopment district;
- deems that any increment spent on development meets the requirement that at least 90 percent of increment be spent on correction of blight conditions; and
- extension the five-year rule to ten years and corresponding extension of the six-year rule.

**Subd. 3. Expiration.** Authorizes the city to establish districts under these special rules until December 31, 2030.

Effective upon local approval and compliance with filing requirements for special laws.

**8 City of Eden Prairie; tax increment financing authority.**

Authorizes special rules for the city of Eden Prairie to create redevelopment tax increment financing districts within the city containing parcels that comprise the Eden Prairie Center mall with adjacent rights-of-way.

**Subd. 1. Establishment.** Authorizes the city to establish one or more redevelopment districts within the city limited to the parcels containing Eden Prairie Center and adjacent rights-of-way.

**Subd. 2. Special rules.** Allows the following special rules to apply to any district established under subdivision 1:

**Section Description – Article 4: Tax Increment Financing**

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- exemption from the required blight findings for establishing a redevelopment district; and
- deems that any increment spent on development meets the requirement that at least 90 percent of increment be spent on correction of blight conditions.

**Subd. 3. Expiration.** Authorizes the city to establish districts under these special rules until December 31, 2025.

Effective upon local approval and compliance with filing requirements for special laws.

**9 City of Edina; 72<sup>nd</sup> & France 2 TIF district; five-year rule extension; duration extension.**

Extends the five-year rule to ten years and provides a corresponding extension of the six-year rule. Extends the duration of the district by five years.

The extensions of the five-year rule and six-year rule are effective upon local approval and compliance with filing requirements for special laws.

The extension of the duration of the district is effective upon local approval by the city of Edina, Hennepin County, and Independent School District No. 273, and compliance with filing requirements for special laws.

**10 City of Edina; 70<sup>th</sup> & France TIF district; five-year rule extension; duration extension.**

Extends the five-year rule to ten years and provides a corresponding extension of the six-year rule. Extends the duration of the district by ten years.

**Effective date:** The extensions of the five-year rule and six-year rule are effective upon local approval and compliance with filing requirements for special laws.

The extension of the duration of the district is effective upon local approval by the city of Edina, Hennepin County, and Independent School District No. 273, and compliance with filing requirements for special laws.

**11 City of Minnetonka; Opus TIF district; five-year rule extension.**

Extends the five-year rule to ten years and provides a corresponding extension of the six-year rule for the Opus tax increment financing district in the city of Minnetonka that was established in 2021.

Effective upon local approval and compliance with filing requirements for special laws.

**Section Description – Article 4: Tax Increment Financing**

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- 12 **City of Moorhead; Tax Increment Financing District No. 31; five-year rule extension.**  
Extends the five-year rule to ten years and provides a corresponding extension of the six-year rule.

Effective upon local approval and compliance with filing requirements for special laws.

- 13 **City of Plymouth; tax increment financing authority.**  
Authorizes special rules for the city of Plymouth to create redevelopment tax increment financing districts within the city.

**Subd. 1. Establishment.** Authorizes the city to establish one or more redevelopment districts within the city.

**Subd. 2. Special rules.** Allows the following special rules to apply to any district established under subdivision 1:

- exemption from the required blight findings for establishing a redevelopment district;
- deems that any increment spent on development meets the requirement that at least 90 percent of increment be spent on correction of blight conditions; and
- extension of the five-year rule to ten years and provides a corresponding extension of the six-year rule.

**Subd. 3. Expiration.** Authorizes the city to establish districts under these special rules until December 31, 2030.

Effective upon local approval and compliance with filing requirements for special laws.

- 14 **City of St. Cloud; tax increment financing authority.**  
Authorizes special rules for the city of St. Cloud to create redevelopment tax increment financing districts within the city.

**Subd. 1. Establishment.** Authorizes the city or its economic development authority to establish one or more redevelopment districts within the city limited to specified parcels that span both Stearns and Benton Counties.

**Subd. 2. Special rules.** Allows the following special rules to apply to any district established under subdivision 1:

- exempts from the required blight findings for establishing a redevelopment district;



**Section Description – Article 4: Tax Increment Financing**

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- deems that any increment spent on development meets the requirement that at least 90 percent of increment be spent on correction of blight conditions; and
- deems any increment spent outside of the district on adjacent public infrastructure to be an in-district expenditure to satisfy pooling requirements.

**Subd. 3. Expiration.** Authorizes the city to establish districts under these special rules until December 31, 2030.

Effective upon local approval and compliance with filing requirements for special laws.

## **Article 5: Special Local Taxes**

This article provides modifications to the general law governing local lodging taxes and modifies the food and beverage tax imposed in the city of Minneapolis.

**Section Description – Article 5: Special Local Taxes**

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**1 Authorization.**

States that local lodging taxes apply to the whole price of lodging charged to the customer, including services provided by accommodation intermediaries. “Accommodation intermediaries” are entities that facilitate the sale of lodging and charge a room charge to a customer.

Effective July 1, 2025.

**2 Collection.**

Allows a local government that collects its own lodging tax to choose to limit the required filing and remittance of the tax by accommodation intermediaries to once per year.

Requires that the local government provide the intermediaries with geographic and zip code information needed to correctly assess the tax.

Effective July 1, 2025.

**3 City of Minneapolis; liquor, lodging, and restaurant taxes.**

Lowers the rate of the food and beverage tax imposed in restaurants and bars in the downtown taxing area from three percent to 2.5 percent.

**Section Description – Article 5: Special Local Taxes**

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Effective October 1, 2025.

**4 City of Minneapolis; downtown taxing area.**

Extends the northern boundaries of the downtown taxing area to include a portion of Plymouth Avenue North and a larger portion of the North Loop.

Effective October 1, 2025.

## **Article 6: Miscellaneous**

This article makes changes affecting miscellaneous taxes and tax policy, including:

- providing funding for taxpayer assistance and tax credit outreach grants;
- providing grants to the Anoka County Soil and Water Conservation District, Browerville Public Schools, and the city of South St. Paul;
- establishing an aid program for Minneapolis to provide financial assistance to homeowners who experienced cost related to emerald ash borer infestations; and
- allowing the creation of land-value tax districts.

**Section Description – Article 6: Miscellaneous**

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**1 Lawful purpose.**

Creates a new lawful purpose expenditure for certain veterans organizations. Allows a qualifying veterans organization to use up to 50 percent of gross profits from charitable gambling from the previous fiscal year for the repair, improvement, or maintenance of their real property. Allows unused allowances to carry forward for one fiscal year, so long as the organization identifies a planned project for which the carried forward funds will be used.

Prohibits any funds to be used for new construction or building replacement.

Effective the day following final enactment.

**2 Definitions. (Land-value district)**

Defines terms for sections that allow cities to establish land-value taxation districts.

Effective beginning with taxes payable in 2026.

**3 Establishment of a land-value taxation district.**

**Subd. 1. Ordinance.** Allows the governing body of a city to establish a land-value taxation district by ordinance. The ordinance would need to describe the area

**Section Description – Article 6: Miscellaneous**

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included in the district, the procedure for reallocating property tax among the parcels in the district, and a plan for the evaluation of the economic effects of the district.

**Subd. 2. Hearing; notice.** Requires the city to hold a public hearing on an ordinance to establish a land-value taxation district. The city would need to mail a hearing notice to owners of parcels included in the district. These owners would be allowed to testify at the hearing.

Effective beginning with taxes payable in 2025.

**4 Restrictions on tax reallocation procedure.**

Allows cities to reallocate property taxes within a land-value taxation district on the basis of one or more of the following tax bases:

- net tax capacity;
- referendum market value;
- a tax base which excludes the value of improvement (i.e., the value of the land only); or
- a tax base which excludes the value of improvements made to the property after a specified date.

Effective beginning with taxes payable in 2026.

**5 Taxation within district.**

**Subd. 1. Initial taxation within the district.** Requires a city with a land-value taxation district to compute the total property taxes imposed on all parcels within the district for each taxing jurisdiction. This calculation uses current law tax bases and determines tax as if the parcels were not in a land-value taxation district.

**Subd. 2. Final taxation within the district.** Requires a city to reallocate the total property tax imposed on parcels within the land-value taxation district using the method established by the ordinance in the previous section. The city would need to send to the owner of each parcel within the district a new property tax statement showing the revised tax amount due on the property.

**Subd. 3. Report to commissioner of revenue.** Requires cities to report to the commissioner of revenue the amount of property tax due on each parcel within a land-value taxation district and the amount of property tax each parcel would have paid if it were not in the district.

Effective beginning with taxes payable in 2026.

**Section Description – Article 6: Miscellaneous**

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**6 Appeal of land value.**

Allows owners of property in a land-value taxation district to appeal the valuation attributable to land separately from the valuation attributable to improvements on the land.

Effective beginning with taxes payable in 2026.

**7 Appropriation; Anoka County Soil and Water Conservation District; grant.**

Provides a grant of \$50,000 in fiscal year 2026 to the Anoka County Soil and Water Conservation District.

Effective the day following final enactment.

**8 Appropriation; city of South St. Paul; grant.**

Provides a grant of \$100,000 in fiscal year 2026 to the city of South St. Paul for planning and development costs within the city.

Effective the day following final enactment.

**9 City of Minneapolis; emerald ash borer financial assistance; appropriation.**

**Subd. 1. Definitions.** Defines “eligible costs” as costs incurred in 2020 or later for removing a tree that is infested by emerald ash borer and was required by state law or municipal ordinance to be removed.

Defines “eligible homeowner” as a homeowner who experienced eligible costs related to a tree on the homeowner’s residential homestead property in an eligible region, and whose income was below 200 percent of the federal poverty guideline.

Defines “eligible region” as a census block group in Minneapolis with a supplemental demographic index score in the 70th percentile or higher.

Defines “supplemental demographic index” as an index in the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency.

**Subd. 2. Eligible uses; prioritization.** Requires the city of Minneapolis to use the full amount of aid to pay eligible homeowners for eligible costs.

Requires the city to use funds to directly reduce the remaining balance of an eligible homeowner's special assessment related to eligible costs.

**Section Description – Article 6: Miscellaneous**

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If the fund allocation is insufficient to reimburse all eligible homeowners, the city must prioritize reimbursing a subset of homeowners for the full amount of their costs.

If unexpended funds remain after December 31, 2026, the city may use the funds to reimburse other eligible homeowners who did not have a special assessments.

If unexpected funds remain after June 30, 2027, the city may use remaining funds to reimburse homeowners who are not in an eligible region.

Reuquires the city to administer the funds within existing city resources.

**Subd. 3. Outreach.** Requires the city to promote the availability of funds, and to consult with certain local organizations and the city public health department.

**Subd. 4. Reporting.** Requires the city to report to DOR on July 1, 2026, and July 1, 2027, on the use of funds.

**Subd. 5. Appropriation.** Appropriates \$800,000 in fiscal year 2026 to DOR for an aid to the city of Minneapolis. The aid is a onetime appropriation that must be paid on July 1, 2025. The aid is not subject to retention of agency administrative costs.

**10 Appropriation; city of Minneapolis.**

Cancels an appropriation from the 2023 tax bill and reappropriates the funds in fiscal year 2025. Of the total appropriation, \$8,000,000 must be used for a grant to the city to be awarded to a foundation that supports business on Lake Street, and \$2,000,000 is appropriated to the Public Facilities Authority for a grant to the city for the design of a water distribution facility in Hennepin County.

Effective the day following final enactment.

**11 Appropriation; Browerville Public Schools.**

Appropriates money in fiscal year 2026 to Browerville Public Schools as a grant to be used for the cost of materials and supplies used in and equipment incorporated into renovations to a school building and related new construction. The grant must be paid by July 15, 2025, and is not subject to the administrative cost retention provisions of section 16B.98, subdivision 14.



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