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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **2125**

03/07/2019 Authored by Marquart; Carlson, L.; Xiong, T.; Lislegard; Youakim and others  
The bill was read for the first time and referred to the Committee on Taxes  
04/12/2019 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to financing and operation of state and local government; providing

1.3 conformity and nonconformity to certain federal tax law changes; modifying

1.4 individual income and corporate franchise taxes, estate taxes, sales and use taxes,

1.5 special and excise taxes, property taxes, local government aids, provisions related

1.6 to local taxes, tax increment financing, and public finance, and other miscellaneous

1.7 taxes and tax provisions; modifying indexing provisions; changing the starting

1.8 point for state individual income tax calculation from federal taxable income to

1.9 federal adjusted gross income; providing for various individual and corporate

1.10 additions and subtractions to income; modifying certain allowances and adjustments

1.11 to income; modifying individual income tax brackets; modifying certain income

1.12 tax credits; modifying and allowing certain construction exemptions and other

1.13 sales and purchases from sales and use taxes; modifying rates and definitions for

1.14 certain tobacco and cigarette taxes; modifying rates and deposits for solid waste

1.15 taxes; modifying provisions relating to property tax records and information;

1.16 modifying certain property tax timelines; establishing property tax exemptions;

1.17 allowing tax deferral for elderly living facilities; modifying homestead provisions;

1.18 modifying state general levy; modifying local government and county aid;

1.19 modifying approval requirements for certain local sales taxes; modifying and

1.20 authorizing certain local sales taxes; authorizing Metropolitan Council bonds;

1.21 requiring reports; appropriating money; amending Minnesota Statutes 2018, sections

1.22 6.495, subdivision 3; 37.31, subdivision 1; 38.27, by adding a subdivision;

1.23 103E.611, subdivision 2; 116J.8737, subdivisions 1, 2, 3, 4, 5, 6, 12; 123B.595,

1.24 subdivision 5; 138.053; 144E.42, subdivision 2; 161.14, by adding a subdivision;

1.25 162.145, subdivision 3; 197.603, subdivision 2; 270A.03, subdivision 5; 270B.08,

1.26 subdivision 2; 270C.21; 270C.445, subdivision 6; 270C.85, subdivision 2; 270C.89,

1.27 subdivisions 1, 2; 270C.91; 272.02, subdivisions 27, 49, 81, by adding subdivisions;

1.28 272.115, subdivision 1; 273.032; 273.061, subdivision 9; 273.0755; 273.113,

1.29 subdivision 3; 273.119, subdivision 2; 273.1231, subdivision 3; 273.124,

1.30 subdivisions 3a, 13, 14, 21, by adding a subdivision; 273.1245, subdivision 2;

1.31 273.13, subdivisions 22, 23, 34, 35; 273.136, subdivision 2; 273.1384, subdivisions

1.32 2, 3; 273.1385, subdivision 4; 273.1387, subdivisions 2, 3; 273.18; 274.14; 274.16;

1.33 275.025, subdivision 1; 282.01, subdivision 6; 287.21, subdivision 1; 289A.08,

1.34 subdivisions 1, 6, 7, by adding a subdivision; 289A.10, subdivision 1; 289A.11,

1.35 by adding a subdivision; 289A.20, subdivision 4, by adding a subdivision; 289A.25,

1.36 subdivision 1; 289A.31, subdivisions 1, 2; 289A.37, subdivisions 2, 6; 289A.38,

1.37 subdivisions 7, 10; 289A.42; 289A.60, subdivisions 15, 24, 29; 290.01, subdivisions

1.38 4a, 29a, 31, by adding subdivisions; 290.0131, subdivisions 1, 3, by adding

2.1 subdivisions; 290.0132, subdivisions 1, 7, 19, 20, 26, by adding subdivisions;  
2.2 290.0133, subdivision 6; 290.0134, by adding subdivisions; 290.0137; 290.032,  
2.3 subdivision 2; 290.05, subdivisions 1, 3; 290.06, subdivisions 2c, 2d, 2h; 290.067,  
2.4 subdivision 2b; 290.0671, subdivisions 1, 7; 290.0672, subdivision 2; 290.0675,  
2.5 subdivision 1; 290.0677, subdivision 1a; 290.0682, subdivisions 1, 2; 290.0684,  
2.6 subdivision 2; 290.0685, subdivision 1, by adding a subdivision; 290.0802,  
2.7 subdivisions 2, 3; 290.091, subdivisions 2, 3; 290.0921, subdivisions 2, 3; 290.0922,  
2.8 subdivision 1; 290.095, subdivision 2; 290.17, subdivision 4, by adding  
2.9 subdivisions; 290.191, subdivision 5; 290.21, subdivision 4, by adding a  
2.10 subdivision; 290.31, subdivision 1; 290.92, subdivisions 1, 28; 290A.03,  
2.11 subdivisions 3, 4, 8, 12, 13; 290A.04, subdivisions 2, 2a, 4; 290A.05; 290A.08;  
2.12 290A.09; 290A.19; 290B.04, subdivision 1; 290B.09, subdivision 1; 291.016,  
2.13 subdivision 3; 295.50, subdivisions 3, 4, 9b, 14, 15, by adding subdivisions; 295.53,  
2.14 subdivision 1; 295.57, subdivision 5; 295.582, subdivision 1; 295.75, subdivision  
2.15 4; 296A.03, subdivision 3; 296A.13; 297A.61, subdivision 18; 297A.66,  
2.16 subdivisions 1, 2, 3; 297A.67, subdivisions 6, 12, by adding a subdivision; 297A.68,  
2.17 subdivisions 17, 25, 29, 42, 44, by adding a subdivision; 297A.70, subdivisions  
2.18 3, 4, 10, 16, 20, by adding subdivisions; 297A.71, subdivisions 22, 45, 50, by  
2.19 adding subdivisions; 297A.75, subdivisions 1, 2; 297A.77, by adding a subdivision;  
2.20 297A.83, subdivision 1; 297A.84; 297A.85; 297A.99, subdivisions 1, 2, 3, by  
2.21 adding a subdivision; 297A.993, subdivision 1; 297B.01, subdivisions 14, 16;  
2.22 297B.03; 297F.01, subdivisions 19, 23, by adding a subdivision; 297F.05, by  
2.23 adding a subdivision; 297F.08, subdivisions 8, 9; 297F.09, subdivision 10; 297F.17,  
2.24 subdivision 6; 297G.07, subdivision 1; 297G.09, subdivision 9; 297G.16,  
2.25 subdivision 7; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04,  
2.26 subdivision 2; 297H.05; 297H.13, subdivision 2; 297I.20, subdivision 3; 298.018,  
2.27 subdivision 1, by adding a subdivision; 298.225, subdivision 1; 298.28, subdivision  
2.28 3; 298.282, subdivision 1; 353G.01, subdivision 9; 353G.05, subdivision 2;  
2.29 353G.08, subdivisions 1, 1a; 353G.17, subdivision 2; 356.20, subdivision 4a;  
2.30 356.219, subdivision 8; 423A.02, subdivisions 1b, 3; 423A.022, subdivisions 2,  
2.31 4; 424A.016, subdivisions 2, 4; 424A.02, subdivisions 1, 3a, 10; 424A.03,  
2.32 subdivision 2; 424A.05, subdivisions 2, 3, by adding a subdivision; 424A.07;  
2.33 424A.091, subdivision 3; 424A.092, subdivisions 3, 4; 424A.093, subdivision 5;  
2.34 424B.09; 462D.03, subdivision 2; 469.169, by adding a subdivision; 469.171,  
2.35 subdivision 4; 469.177, subdivision 1; 469.316, subdivision 1; 469.319, subdivision  
2.36 4; 471.831; 473.39, subdivision 6, by adding a subdivision; 473H.08, subdivisions  
2.37 1, 4, by adding a subdivision; 475.521, subdivision 1; 477A.011, subdivision 45;  
2.38 477A.013, subdivision 13; 477A.03, subdivisions 2a, 2b; Minnesota Statutes 2019  
2.39 Supplement, sections 289A.02, subdivision 7; 289A.12, subdivision 14; 289A.35;  
2.40 290.01, subdivision 19; 290.0131, subdivision 10; 290.0132, subdivision 21;  
2.41 290.0133, subdivision 12; 290.0672, subdivision 1; 290.0684, subdivision 1;  
2.42 290.091, subdivision 2; 290.17, subdivision 2; 290A.03, subdivision 15; 291.005,  
2.43 subdivision 1; 462D.06, subdivisions 1, 2; Laws 1980, chapter 511, section 1,  
2.44 subdivision 1; Laws 1986, chapter 396, section 5, as amended; Laws 1986, chapter  
2.45 462, section 31, as amended; Laws 1994, chapter 587, article 9, section 11; Laws  
2.46 1998, chapter 389, article 8, section 45, subdivisions 1, 3, as amended, 4, 5; Laws  
2.47 2008, chapter 366, article 5, sections 26, as amended; 33, as amended; Laws 2009,  
2.48 chapter 88, article 2, section 46, subdivisions 1, as amended, 2, 3, as amended, 4,  
2.49 5; Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3;  
2.50 Laws 2014, chapter 308, article 6, section 8, subdivisions 1, as amended, 3; Laws  
2.51 2017, First Special Session chapter 1, article 3, sections 26; 32; article 8, section  
2.52 3; article 10, section 4; proposing coding for new law in Minnesota Statutes,  
2.53 chapters 16A; 270C; 272; 273; 289A; 290; 290A; 297H; 297I; 424A; proposing  
2.54 coding for new law as Minnesota Statutes, chapters 477B; 477C; repealing  
2.55 Minnesota Statutes 2018, sections 37.31, subdivision 8; 69.011, subdivisions 1,  
2.56 2, 2b, 2c, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.022; 69.031,  
2.57 subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.80;  
2.58 270C.131; 275.29; 289A.38, subdivisions 7, 8, 9; 290.0131, subdivisions 7, 11,

3.1 12, 13; 290.0132, subdivision 8; 290.0133, subdivisions 13, 14; 290.10, subdivision  
3.2 2; 296A.03, subdivision 5; 296A.04, subdivision 2; 296A.05, subdivision 2;  
3.3 297A.66, subdivision 4b; 297F.08, subdivision 5; 297I.25, subdivision 2; Minnesota  
3.4 Rules, part 8125.0410, subpart 1.

3.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

## 3.6 ARTICLE 1

### 3.7 FEDERAL CONFORMITY

3.8 Section 1. Minnesota Statutes 2018, section 270A.03, subdivision 5, is amended to read:

3.9 Subd. 5. **Debt; debtor.** (a) "Debt" means a legal obligation of a natural person to pay a  
3.10 fixed and certain amount of money, which equals or exceeds \$25 and which is due and  
3.11 payable to a claimant agency. The term includes criminal fines imposed under section 609.10  
3.12 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision  
3.13 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court  
3.14 order, or other legal obligation, but need not have been reduced to judgment.

3.15 A debt includes any legal obligation of a current recipient of assistance which is based  
3.16 on overpayment of an assistance grant where that payment is based on a client waiver or  
3.17 an administrative or judicial finding of an intentional program violation; or where the debt  
3.18 is owed to a program wherein the debtor is not a client at the time notification is provided  
3.19 to initiate recovery under this chapter and the debtor is not a current recipient of food support,  
3.20 transitional child care, or transitional medical assistance.

3.21 (b) A debt does not include any legal obligation to pay a claimant agency for medical  
3.22 care, including hospitalization if the income of the debtor at the time when the medical care  
3.23 was rendered does not exceed the following amount:

3.24 (1) for an unmarried debtor, an income of \$12,560 or less;

3.25 (2) for a debtor with one dependent, an income of \$16,080 or less;

3.26 (3) for a debtor with two dependents, an income of \$19,020 or less;

3.27 (4) for a debtor with three dependents, an income of \$21,580 or less;

3.28 (5) for a debtor with four dependents, an income of \$22,760 or less; and

3.29 (6) for a debtor with five or more dependents, an income of \$23,730 or less.

3.30 For purposes of this paragraph, "debtor" means the individual whose income, together  
3.31 with the income of the individual's spouse, other than a separated spouse, brings the  
3.32 individual within the income provisions of this paragraph. For purposes of this paragraph,  
3.33 a spouse, other than a separated spouse, shall be considered a dependent.

4.1 (c) The commissioner shall annually adjust the ~~income~~ amounts in paragraph (b) ~~by the~~  
4.2 ~~percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue~~  
4.3 ~~Code, except that in section 1(f)(3)(B) the word "2014" shall be substituted for the word~~  
4.4 ~~"1992." For 2016, the commissioner shall then determine the percent change from the 12~~  
4.5 ~~months ending on August 31, 2014, to the 12 months ending on August 31, 2015, and in~~  
4.6 ~~each subsequent year, from the 12 months ending on August 31, 2014, to the 12 months~~  
4.7 ~~ending on August 31 of the year preceding the taxable year. The determination of the~~  
4.8 ~~commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be~~  
4.9 ~~subject to the Administrative Procedure Act contained in chapter 14. The income amount~~  
4.10 ~~as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount~~  
4.11 ~~is rounded up to the nearest \$10 amount~~ as provided in section 270C.22. The statutory year  
4.12 is taxable year 2019.

4.13 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the  
4.14 dollar amount of the premium authorized under section 256L.15, subdivision 1a.

4.15 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
4.16 years beginning after December 31, 2019.

4.17 Sec. 2. **[270C.22] COST OF LIVING ADJUSTMENT.**

4.18 Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall  
4.19 annually make a cost of living adjustment to the dollar amounts noted in sections that  
4.20 reference this section. The commissioner shall adjust the amounts based on the index as  
4.21 provided in this section. For purposes of this section, "index" means the Chained Consumer  
4.22 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The  
4.23 values of the index used to determine the adjustments under this section are the latest  
4.24 published values when the Bureau of Labor Statistics publishes the initial value of the index  
4.25 for August of the year preceding the year to which the adjustment applies.

4.26 (b) For the purposes of this section, "statutory year" means the year preceding the first  
4.27 year for which dollar amounts are to be adjusted for inflation under sections that reference  
4.28 this section. For adjustments under chapter 290A, "statutory year" means the year in which  
4.29 refunds are payable preceding the first year for which amounts in chapter 290A are indexed  
4.30 under this section.

4.31 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall  
4.32 determine the percentage change in the index for the 12-month period ending on August  
4.33 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing  
4.34 this section by that percentage change. For each subsequent taxable year, the commissioner

5.1 shall increase the dollar amounts by the percentage change in the index from August 31 of  
5.2 the year preceding the statutory year to August 31 of the year preceding the taxable year.

5.3 (d) To determine the dollar amounts for refunds payable in 2021 under chapter 290A,  
5.4 the commissioner shall determine the percentage change in the index for the 12-month  
5.5 period ending on August 31, 2020, and increase each of the unrounded dollar amounts in  
5.6 the sections referencing this section by that percentage change. For each subsequent year,  
5.7 the commissioner shall increase the dollar amounts by the percentage change in the index  
5.8 from August 31 of the year preceding the statutory year to August 31 of the year preceding  
5.9 the year in which refunds are payable.

5.10 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted  
5.11 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest  
5.12 \$10 amount.

5.13 Subd. 2. **Publication.** The commissioner shall announce and publish the adjusted dollar  
5.14 amounts required by subdivision 1 on the Department of Revenue's website on or before  
5.15 December 15 of each year.

5.16 Subd. 3. **Special provision.** The determination of the commissioner under this subdivision  
5.17 is not a rule and is not subject to the Administrative Procedure Act under chapter 14,  
5.18 including section 14.386.

5.19 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
5.20 years beginning after December 31, 2019, calendar years beginning after December 31,  
5.21 2019, and for refunds based on rent paid in 2019 and property taxes payable in 2020.

5.22 Sec. 3. Minnesota Statutes 2018, section 289A.02, subdivision 7, is amended to read:

5.23 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
5.24 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
5.25 ~~16, 2016~~ December 31, 2018.

5.26 **EFFECTIVE DATE.** This section is effective the day following final enactment except  
5.27 the changes incorporated by federal changes are effective retroactively at the same time the  
5.28 changes became effective for federal purposes.

5.29 Sec. 4. Minnesota Statutes 2018, section 289A.08, subdivision 1, is amended to read:

5.30 Subdivision 1. **Generally; individuals.** (a) A taxpayer must file a return for each taxable  
5.31 year the taxpayer is required to file a return under section 6012 of the Internal Revenue  
5.32 Code or meets the requirements under paragraph (d) to file a return, except that:

6.1 (1) an individual who is not a Minnesota resident for any part of the year is not required  
6.2 to file a Minnesota income tax return if the individual's gross income derived from Minnesota  
6.3 sources as determined under sections 290.081, paragraph (a), and 290.17, is less than the  
6.4 filing requirements for a single individual who is a full year resident of Minnesota; ~~and~~

6.5 (2) an individual who is a Minnesota resident is not required to file a Minnesota income  
6.6 tax return if the individual's gross income derived from Minnesota sources as determined  
6.7 under section 290.17, less the subtractions allowed under section 290.0132, subdivisions  
6.8 12 and 15, is less than the filing requirements for a single individual who is a full-year  
6.9 resident of Minnesota.

6.10 (b) The decedent's final income tax return, and other income tax returns for prior years  
6.11 where the decedent had gross income in excess of the minimum amount at which an  
6.12 individual is required to file and did not file, must be filed by the decedent's personal  
6.13 representative, if any. If there is no personal representative, the return or returns must be  
6.14 filed by the transferees, as defined in section 270C.58, subdivision 3, who receive property  
6.15 of the decedent.

6.16 (c) The term "gross income," as it is used in this section, has the same meaning given it  
6.17 in section 290.01, subdivision 20.

6.18 (d) The commissioner of revenue must annually determine the gross income levels at  
6.19 which individuals are required to file a return for each taxable year based on the amounts  
6.20 that may be subtracted under section 290.0132, subdivision 19.

6.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.22 31, 2018.

6.23 Sec. 5. Minnesota Statutes 2018, section 289A.08, subdivision 7, is amended to read:

6.24 Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and**  
6.25 **beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to  
6.26 file a composite return and to pay the tax on behalf of nonresident partners who have no  
6.27 other Minnesota source income. This composite return must include the names, addresses,  
6.28 Social Security numbers, income allocation, and tax liability for the nonresident partners  
6.29 electing to be covered by the composite return.

6.30 (b) The computation of a partner's tax liability must be determined by multiplying the  
6.31 income allocated to that partner by the highest rate used to determine the tax liability for  
6.32 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard  
6.33 deductions, or personal exemptions are not allowed.

7.1 (c) The partnership must submit a request to use this composite return filing method for  
7.2 nonresident partners. The requesting partnership must file a composite return in the form  
7.3 prescribed by the commissioner of revenue. The filing of a composite return is considered  
7.4 a request to use the composite return filing method.

7.5 (d) The electing partner must not have any Minnesota source income other than the  
7.6 income from the partnership and other electing partnerships. If it is determined that the  
7.7 electing partner has other Minnesota source income, the inclusion of the income and tax  
7.8 liability for that partner under this provision will not constitute a return to satisfy the  
7.9 requirements of subdivision 1. The tax paid for the individual as part of the composite return  
7.10 is allowed as a payment of the tax by the individual on the date on which the composite  
7.11 return payment was made. If the electing nonresident partner has no other Minnesota source  
7.12 income, filing of the composite return is a return for purposes of subdivision 1.

7.13 (e) This subdivision does not negate the requirement that an individual pay estimated  
7.14 tax if the individual's liability would exceed the requirements set forth in section 289A.25.  
7.15 The individual's liability to pay estimated tax is, however, satisfied when the partnership  
7.16 pays composite estimated tax in the manner prescribed in section 289A.25.

7.17 (f) If an electing partner's share of the partnership's gross income from Minnesota sources  
7.18 is less than the filing requirements for a nonresident under this subdivision, the tax liability  
7.19 is zero. However, a statement showing the partner's share of gross income must be included  
7.20 as part of the composite return.

7.21 (g) The election provided in this subdivision is only available to a partner who has no  
7.22 other Minnesota source income and who is either (1) a full-year nonresident individual or  
7.23 (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the  
7.24 Internal Revenue Code.

7.25 (h) A corporation defined in section 290.9725 and its nonresident shareholders may  
7.26 make an election under this paragraph. The provisions covering the partnership apply to  
7.27 the corporation and the provisions applying to the partner apply to the shareholder.

7.28 (i) Estates and trusts distributing current income only and the nonresident individual  
7.29 beneficiaries of the estates or trusts may make an election under this paragraph. The  
7.30 provisions covering the partnership apply to the estate or trust. The provisions applying to  
7.31 the partner apply to the beneficiary.

7.32 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
7.33 adjusted gross income from the partnership modified by the additions provided in section  
7.34 290.0131, subdivisions 8 to ~~10~~ 10 and 16, and the subtractions provided in: (1) section

8.1 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota  
8.2 under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed  
8.3 under section 290.0132, subdivision 9, is only allowed on the composite tax computation  
8.4 to the extent the electing partner would have been allowed the subtraction.

8.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.6 31, 2018.

8.7 Sec. 6. Minnesota Statutes 2018, section 289A.12, subdivision 14, is amended to read:

8.8 Subd. 14. **Reporting exempt interest and exempt-interest dividends.** (a) A regulated  
8.9 investment company paying \$10 or more in exempt-interest dividends to an individual who  
8.10 is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or  
8.11 exempt-interest dividends and paying as nominee to an individual who is a resident of  
8.12 Minnesota, must make a return indicating the amount of the exempt interest or  
8.13 exempt-interest dividends, the name, address, and Social Security number of the recipient,  
8.14 and any other information that the commissioner specifies. The return must be provided to  
8.15 the recipient by February 15 of the year following the year of the payment. The return  
8.16 provided to the recipient must include a clear statement, in the form prescribed by the  
8.17 commissioner, that the exempt interest or exempt-interest dividends must be included in  
8.18 the computation of Minnesota taxable income. By June 1 of each year, the payer must file  
8.19 a copy of the return with the commissioner.

8.20 (b) For purposes of this subdivision, the following definitions apply.

8.21 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section  
8.22 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest  
8.23 dividends that are not required to be added to federal ~~taxable~~ adjusted gross income under  
8.24 section 290.0131, subdivision 2, paragraph (b).

8.25 (2) "Regulated investment company" means regulated investment company as defined  
8.26 in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company  
8.27 as defined in section 851(g) of the Internal Revenue Code.

8.28 (3) "Exempt interest" means income on obligations of any state other than Minnesota,  
8.29 or a political or governmental subdivision, municipality, or governmental agency or  
8.30 instrumentality of any state other than Minnesota, and exempt from federal income taxes  
8.31 under the Internal Revenue Code or any other federal statute.

8.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.33 31, 2018.



9.1 Sec. 7. Minnesota Statutes 2018, section 289A.20, is amended by adding a subdivision to  
9.2 read:

9.3 Subd. 1a. **Tax on deferred foreign income; election to pay in installments.** (a) A  
9.4 taxpayer subject to tax under section 290.06, subdivision 1, may elect to pay the net tax  
9.5 liability on the deferred foreign income in installments in the same percentages of the net  
9.6 tax liability for each taxable year as provided in section 965(h)(1) of the Internal Revenue  
9.7 Code. Payment of an installment for a taxable year is due on the due date, determined without  
9.8 regard to any extensions of time for filing the return, for the tax return for that taxable year.

9.9 (b) If an acceleration of payment applies for federal income tax purposes under section  
9.10 965(h)(3) of the Internal Revenue Code, the unpaid portion of the remaining installments  
9.11 due under chapter 290 must be paid on the same date as the federal tax is due. Assessment  
9.12 of deficiencies must be prorated as provided under section 965(h)(4) of the Internal Revenue  
9.13 Code.

9.14 (c) For purposes of determining date and time limits under sections 270C.62, 270C.63,  
9.15 270C.67, and 270C.68, the date on which an installment is due under paragraph (a), including  
9.16 any acceleration under paragraph (b), must be treated as the assessment date, due date, or  
9.17 other date from which the time limit must be determined for that payment.

9.18 (d) For purposes of this subdivision, "net tax liability" means the excess of:

9.19 (1) the tax liability, determined under chapter 290, for the taxable year in which the  
9.20 deferred foreign income was includable in federal taxable income; over

9.21 (2) the tax liability, determined under chapter 290, for that taxable year computed after  
9.22 excluding the deferred foreign income under section 965 of the Internal Revenue Code.

9.23 (e) If a taxpayer has not made the first installment payment under paragraph (a), the  
9.24 taxpayer must pay the first installment payment at the same time and due date as the second  
9.25 installment payment. For purposes of paragraph (c), payments under this paragraph are  
9.26 deemed to be due at the same time the second installment is due.

9.27 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
9.28 changes in Public Law 115-97 relating to deferred foreign income were effective for federal  
9.29 purposes.

10.1 Sec. 8. Minnesota Statutes 2018, section 289A.35, is amended to read:

10.2 **289A.35 ASSESSMENTS ON RETURNS.**

10.3 (a) The commissioner may audit and adjust the taxpayer's computation of federal adjusted  
10.4 gross income, federal taxable income, items of federal tax preferences, or federal credit  
10.5 amounts to make them conform with the provisions of chapter 290 or section 298.01. If a  
10.6 return has been filed, the commissioner shall enter the liability reported on the return and  
10.7 may make any audit or investigation that is considered necessary.

10.8 (b) Upon petition by a taxpayer, and when the commissioner determines that it is in the  
10.9 best interest of the state, the commissioner may allow S corporations and partnerships to  
10.10 receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their  
10.11 owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must  
10.12 be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

10.13 (c) A taxpayer may petition the commissioner for the use of the method described in  
10.14 paragraph (b) after the taxpayer is notified that an audit has been initiated and before an  
10.15 order of assessment has been issued.

10.16 (d) A determination of the commissioner under paragraph (b) to grant or deny the petition  
10.17 of a taxpayer cannot be appealed to the Tax Court or any other court.

10.18 (e) The commissioner may audit and adjust the taxpayer's computation of tax under  
10.19 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner  
10.20 shall notify the estate no later than nine months after the filing date, as provided by section  
10.21 289A.38, subdivision 2, whether the return is under examination or the return has been  
10.22 processed as filed.

10.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
10.24 31, 2018.

10.25 Sec. 9. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
10.26 read:

10.27 Subd. 3c. **Determination of marital status.** The determination of marital status is made  
10.28 by section 7703 of the Internal Revenue Code.

10.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
10.30 31, 2018.

11.1 Sec. 10. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
11.2 read:

11.3 Subd. 14a. **Surviving spouse.** The term "surviving spouse" means an individual who is  
11.4 a surviving spouse under section 2(a) of the Internal Revenue Code for the taxable year.

11.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.6 31, 2018.

11.7 Sec. 11. Minnesota Statutes 2018, section 290.01, subdivision 19, is amended to read:

11.8 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a  
11.9 corporation taxable under section 290.02, the term "net income" means the federal taxable  
11.10 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through  
11.11 the date named in this subdivision, incorporating the federal effective dates of changes to  
11.12 the Internal Revenue Code and any elections made by the taxpayer in accordance with the  
11.13 Internal Revenue Code in determining federal taxable income for federal income tax  
11.14 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

11.15 (b) For an individual, the term "net income" means federal adjusted gross income with  
11.16 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

11.17 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
11.18 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
11.19 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
11.20 except that:

11.21 (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal  
11.22 Revenue Code does not apply;

11.23 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue  
11.24 Code must be applied by allowing a deduction for capital gain dividends and exempt-interest  
11.25 dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code;  
11.26 and

11.27 (3) the deduction for dividends paid must also be applied in the amount of any  
11.28 undistributed capital gains which the regulated investment company elects to have treated  
11.29 as provided in section 852(b)(3)(D) of the Internal Revenue Code.

11.30 (d) The net income of a real estate investment trust as defined and limited by section  
11.31 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
11.32 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

12.1 (e) The net income of a designated settlement fund as defined in section 468B(d) of the  
12.2 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal  
12.3 Revenue Code.

12.4 (f) The Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~  
12.5 December 31, 2018, shall be in effect for taxable years beginning after December 31, 1996.

12.6 (g) Except as otherwise provided, references to the Internal Revenue Code in this  
12.7 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of  
12.8 determining net income for the applicable year.

12.9 **EFFECTIVE DATE.** (a) The amendments to paragraphs (a) and (b) are effective for  
12.10 taxable years beginning after December 31, 2018.

12.11 (b) The amendment to paragraph (f) is effective the day following final enactment, except  
12.12 the changes incorporated by federal changes are effective retroactively at the same time as  
12.13 the changes became effective for federal purposes, but are subject to the application of  
12.14 Minnesota Statutes, section 290.993.

12.15 Sec. 12. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
12.16 read:

12.17 Subd. 19i. **Deferred foreign income.** "Deferred foreign income" means the income of  
12.18 a domestic corporation that is included in net income under section 965 of the Internal  
12.19 Revenue Code, exclusive of the deduction allowed under section 965(c) of the Internal  
12.20 Revenue Code.

12.21 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
12.22 changes in Public Law 115-97 relating to deferred foreign income were effective for federal  
12.23 purposes.

12.24 Sec. 13. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
12.25 read:

12.26 Subd. 21a. **Adjusted gross income; federal adjusted gross income.** The terms "adjusted  
12.27 gross income" and "federal adjusted gross income" mean adjusted gross income, as defined  
12.28 in section 62 of the Internal Revenue Code, as amended through the date named in  
12.29 subdivision 19, incorporating the federal effective date of changes to the Internal Revenue  
12.30 Code and any elections made by the taxpayer under the Internal Revenue Code in determining  
12.31 federal adjusted gross income for federal income tax purposes.

12.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.1 Sec. 14. Minnesota Statutes 2018, section 290.01, subdivision 29a, is amended to read:

13.2 Subd. 29a. **State itemized deduction.** "State itemized ~~deduction~~ deductions" means  
13.3 ~~federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code,~~  
13.4 ~~disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by~~  
13.5 ~~the amount of the addition required under section 290.0131, subdivision 13~~ the itemized  
13.6 deductions for individual income tax allowed under section 290.0122, subdivision 1, reduced  
13.7 by the limit under subdivision 10.

13.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
13.9 31, 2018.

13.10 Sec. 15. Minnesota Statutes 2018, section 290.01, subdivision 31, is amended to read:

13.11 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
13.12 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
13.13 ~~16, 2016~~ December 31, 2018. Internal Revenue Code also includes any uncodified provision  
13.14 in federal law that relates to provisions of the Internal Revenue Code that are incorporated  
13.15 into Minnesota law.

13.16 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
13.17 the changes incorporated by the federal changes are effective retroactively at the same time  
13.18 as the changes became effective for federal purposes, but are subject to the application of  
13.19 Minnesota Statutes, section 290.993.

13.20 Sec. 16. **[290.0121] DEPENDENT EXEMPTION.**

13.21 Subdivision 1. **Exemption amount.** (a) A taxpayer's dependent exemption equals:

13.22 (1) the exemption amount multiplied by the number of individuals who are dependents,  
13.23 as defined in section 152 of the Internal Revenue Code, of the taxpayer for the taxable year;  
13.24 minus

13.25 (2) the disallowed exemption amount under subdivision 2, but the remainder may not  
13.26 be less than zero.

13.27 (b) The exemption amount equals \$4,250.

13.28 Subd. 2. **Disallowed exemption amount** (a) The disallowed exemption amount equals  
13.29 the exemption amount allowed under subdivision 1 multiplied by the applicable percentage.

13.30 (b) For a married individual filing a separate return, "applicable percentage" means two  
13.31 percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal

14.1 adjusted gross income for the taxable year exceeds the threshold amount. For all other filers,  
14.2 applicable percentage means two percentage points for each \$2,500, or fraction of that  
14.3 amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds  
14.4 the threshold amount. The applicable percentage must not exceed 100 percent.

14.5 (c) "Threshold amount" means:

14.6 (1) \$291,950 for a joint return or a surviving spouse;

14.7 (2) \$243,300 for a head of a household;

14.8 (3) \$194,650 for an individual who is not married and who is not a surviving spouse or  
14.9 head of a household; and

14.10 (4) half the amount for a joint return for a married individual filing a separate return.

14.11 Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019,  
14.12 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph  
14.13 (a), clause (1), and the threshold amounts in subdivision 2, as provided in section 270C.22.  
14.14 The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to  
14.15 the nearest \$50 amount. If the amount ends in \$25, the amount is rounded down to the  
14.16 nearest \$50 amount. The threshold amount for married individuals filing separate returns  
14.17 must be one-half of the adjusted amount for married individuals filing joint returns.

14.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
14.19 31, 2018.

14.20 Sec. 17. **[290.0122] ITEMIZED DEDUCTIONS.**

14.21 Subdivision 1. **Itemized deductions.** A taxpayer's itemized deductions equal the sum  
14.22 of the amounts allowed as a deduction under this section, reduced by the amount calculated  
14.23 under subdivision 2.

14.24 Subd. 2. **Deductions limited; inflation adjustment.** (a) The itemized deductions of a  
14.25 taxpayer with adjusted gross income in excess of the applicable amount are reduced by the  
14.26 lesser of:

14.27 (1) three percent of the excess of the taxpayer's federal adjusted gross income over the  
14.28 applicable amount; or

14.29 (2) 80 percent of the amount of the taxpayer's itemized deductions.

14.30 (b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a  
14.31 separate return.

15.1 (c) For the purposes of this subdivision, "itemized deductions" means the itemized  
15.2 deductions otherwise allowable to the taxpayer under subdivision 1, except itemized  
15.3 deductions excludes:

15.4 (1) the portion of the deduction for interest under subdivision 5 that represents investment  
15.5 interest;

15.6 (2) the deduction for medical expenses under subdivision 6; and

15.7 (3) the deduction for losses under subdivision 8.

15.8 (d) For taxable years beginning after December 31, 2019, the commissioner must adjust  
15.9 for inflation the applicable amounts under paragraph (b) as provided in section 270C.22.  
15.10 The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to  
15.11 the nearest \$50 amount. If the amount ends in \$25, the amount is rounded down to the  
15.12 nearest \$50 amount. The threshold amount for married individuals filing separate returns  
15.13 must be one-half of the adjusted amount for married individuals filing joint returns.

15.14 Subd. 3. **Taxes paid.** (a) A taxpayer is allowed a deduction for taxes paid. The deduction  
15.15 equals the sum of the following amounts for the taxable year:

15.16 (1) state and local personal property taxes, and state, local, and foreign real property  
15.17 taxes, in a total amount for both types not to exceed \$10,000, or \$5,000 for a married couple  
15.18 filing separate returns;

15.19 (2) foreign income, war profits, and excess profits taxes to the extent not reduced by the  
15.20 federal foreign tax credit; and

15.21 (3) for individuals who are allowed a federal foreign tax credit for taxes that do not  
15.22 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
15.23 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
15.24 foreign taxes reported in claiming the foreign tax credit, and to the extent not deducted  
15.25 under clause (2).

15.26 (b) For purposes of this subdivision, the following terms have the meanings given them:

15.27 (1) "carryover of subnational foreign taxes" equals the carryover allowed under section  
15.28 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they  
15.29 exceed the federal foreign tax credit;

15.30 (2) "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
15.31 Revenue Code; and

16.1 (3) "foreign, income, war profits, and excess profits taxes" and "state and local real and  
16.2 personal property taxes" have the meanings given in section 164 of the Internal Revenue  
16.3 Code.

16.4 Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable  
16.5 contributions. The deduction equals the amount of the charitable contribution deduction  
16.6 allowable to the taxpayer under section 170 of the Internal Revenue Code, except that the  
16.7 provisions of section 170(b)(1)(G) apply regardless of the taxable year.

16.8 (b) For taxable years beginning after December 31, 2017, the determination of carryover  
16.9 amounts must be made by applying the rules under section 170 of the Internal Revenue  
16.10 Code based on the charitable contribution deductions claimed and allowable under this  
16.11 section.

16.12 Subd. 5. **Interest.** A taxpayer is allowed a deduction for interest. The deduction equals  
16.13 the amount allowed to the taxpayer as interest paid or accrued during the taxable year under  
16.14 section 163 of the Internal Revenue Code with the following exceptions:

16.15 (1) qualified residence interest excludes home equity interest;

16.16 (2) acquisition indebtedness must not exceed \$750,000, or \$375,000 for a married  
16.17 separate return, for indebtedness incurred on or after December 16, 2017; and

16.18 (3) mortgage insurance premiums treated as interest under section 163(h)(3)(E) are not  
16.19 interest for the purposes of this subdivision.

16.20 The definitions of terms under section 163 of the Internal Revenue Code apply for purposes  
16.21 of this subdivision.

16.22 Subd. 6. **Medical expenses.** A taxpayer is allowed a deduction for medical expenses.  
16.23 The deduction equals the amount allowed under section 213 of the Internal Revenue Code,  
16.24 except that the threshold percentage of adjusted gross income in paragraph (a) is ten percent  
16.25 regardless of the federal percentage for the taxable year.

16.26 Subd. 7. **Unreimbursed employee expenses.** A taxpayer is allowed a deduction for  
16.27 unreimbursed employee expenses. The deduction equals the amount of the taxpayer's trade  
16.28 or business expenses incurred as an employee and allowed under section 162 of the Internal  
16.29 Revenue Code in excess of two percent of the taxpayer's adjusted gross income, disregarding  
16.30 the suspension of the deduction in section 67, paragraph (g), of the Internal Revenue Code.

16.31 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. The deduction equals the  
16.32 amount allowed under sections 165(d) and 165(h) of the Internal Revenue Code, disregarding  
16.33 the limitation on personal casualty losses in paragraph (h)(5).



17.1 Subd. 9. **Miscellaneous deduction.** A taxpayer is allowed a miscellaneous deduction.

17.2 The deduction equals the sum of the following amounts for the taxable year:

17.3 (1) impairment-related work expenses allowed under section 67(d) of the Internal Revenue  
17.4 Code;

17.5 (2) the deduction for estate tax under section 691(c) of the Internal Revenue Code;

17.6 (3) any deduction allowable in connection with personal property used in a short sale  
17.7 as described under section 67(b)(8);

17.8 (4) the deduction under section 1341 of the Internal Revenue Code;

17.9 (5) the deduction under section 72(b)(3) of the Internal Revenue Code;

17.10 (6) the deduction under section 171 of the Internal Revenue Code; and

17.11 (7) the deduction under section 216 of the Internal Revenue Code.

17.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.13 31, 2018.

17.14 **Sec. 18. [290.0123] STANDARD DEDUCTION.**

17.15 Subdivision 1. **Standard deduction amount.** A taxpayer's standard deduction equals:

17.16 (1) for a married joint filer or a surviving spouse, \$24,400;

17.17 (2) for a head of household filer, \$18,350; or

17.18 (3) for any other filer, \$12,200; plus

17.19 (4) the additional amount for the taxpayer under subdivision 2.

17.20 A taxpayer's standard deduction amount is reduced in accordance with subdivision 5.

17.21 Subd. 2. **Additional amount for seniors or blind taxpayers.** (a) The additional amount  
17.22 equals the sum of the following amounts:

17.23 (1) \$1,300 if the taxpayer has attained age 65 before the close of the taxable year or  
17.24 \$1,650 for such a taxpayer who is not married or a surviving spouse;

17.25 (2) \$1,300 for the spouse of the taxpayer if the spouse has attained the age of 65 before  
17.26 the close of the taxable year and qualifies for an exemption under section 151(b) of the  
17.27 Internal Revenue Code;

17.28 (3) \$1,300 if the taxpayer is blind at the close of the taxable year or \$1,650 for such a  
17.29 taxpayer who is not married or a surviving spouse; and

18.1 (4) \$1,300 for the spouse of the taxpayer if the spouse is blind as of the close of the  
18.2 taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue  
18.3 Code.

18.4 (b) The commissioner must disregard section 151(d)(5) of the Internal Revenue Code  
18.5 when determining if the taxpayer's spouse is eligible for an exemption under paragraph (a).

18.6 Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in  
18.7 section 152 of the Internal Revenue Code, of another taxpayer for a taxable year beginning  
18.8 in the calendar year in which the individual's taxable year begins, the standard deduction  
18.9 for that individual is limited to the greater of:

18.10 (1) \$500; or

18.11 (2) the sum of \$250 and that individual's earned income, as defined in section 32(c) of  
18.12 the Internal Revenue Code.

18.13 Subd. 4. **Deduction disallowed.** The standard deduction is zero for (1) a married  
18.14 individual filing a separate return if either spouse itemizes deductions, and (2) an individual  
18.15 making a return for a period of less than twelve months on account of changes in the annual  
18.16 accounting period.

18.17 Subd. 5. **Deduction limited.** (a) The standard deduction of a taxpayer with adjusted  
18.18 gross income in excess of the applicable amount is reduced by the lesser of:

18.19 (1) three percent of the excess of the taxpayer's federal adjusted gross income over the  
18.20 applicable amount; or

18.21 (2) 80 percent of the standard deduction otherwise allowable under this section.

18.22 (b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a  
18.23 separate return.

18.24 Subd. 6. **Inflation adjustment.** For taxable years beginning after December 31, 2019,  
18.25 the commissioner must adjust for inflation the standard deduction amounts in subdivision  
18.26 1, the additional amounts in subdivision 2, and the applicable amounts in subdivision 5 as  
18.27 provided in section 270C.22. The statutory year is taxable year 2019. The amounts as  
18.28 adjusted must be rounded down to the nearest \$50 amount. The standard deduction amount  
18.29 for married individuals filing separate returns is one-half of the adjusted amount for married  
18.30 individuals filing joint returns.

18.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
18.32 31, 2018.

19.1 Sec. 19. Minnesota Statutes 2018, section 290.0131, subdivision 1, is amended to read:

19.2 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "addition" means  
19.3 an amount that must be added to federal taxable income for a trust or an estate or federal  
19.4 adjusted gross income for an individual in computing net income for the taxable year to  
19.5 which the amounts relate.

19.6 (b) The additions in this section apply to individuals, estates, and trusts.

19.7 (c) Unless specifically indicated or unless the context clearly indicates otherwise, only  
19.8 amounts that were deducted or excluded in computing federal taxable income for a trust or  
19.9 an estate or federal adjusted gross income for individuals are an addition under this section.

19.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.11 31, 2018.

19.12 Sec. 20. Minnesota Statutes 2018, section 290.0131, subdivision 3, is amended to read:

19.13 Subd. 3. **Income, sales and use, motor vehicle sales, or excise taxes paid.** ~~(a)~~ For trusts  
19.14 and estates, the amount of income, sales and use, motor vehicle sales, or excise taxes paid  
19.15 or accrued within the taxable year under this chapter and the amount of taxes based on net  
19.16 income, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any  
19.17 province or territory of Canada is an addition to the extent deducted under section 63(d) of  
19.18 the Internal Revenue Code.

19.19 ~~(b) The addition under paragraph (a) may not be more than the amount by which the~~  
19.20 ~~state itemized deduction exceeds the amount of the standard deduction as defined in section~~  
19.21 ~~63(e) of the Internal Revenue Code. For the purpose of this subdivision, income, sales and~~  
19.22 ~~use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under~~  
19.23 ~~subdivision 12.~~

19.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
19.25 31, 2018.

19.26 Sec. 21. Minnesota Statutes 2018, section 290.0131, subdivision 10, is amended to read:

19.27 Subd. 10. **Section 179 expensing.** For property placed in service in taxable years  
19.28 beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed  
19.29 under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction  
19.30 allowable by section 179 of the Internal Revenue Code, as amended through December 31,  
19.31 2003, is an addition.

20.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
20.2 after December 31, 2017.

20.3 Sec. 22. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
20.4 to read:

20.5 Subd. 15. **529 plan addition.** The lesser of the following amounts is an addition:

20.6 (1) the total distributions for the taxable year from a qualified plan under section 529 of  
20.7 the Internal Revenue Code, owned by the taxpayer, that are expended for qualified higher  
20.8 education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for  
20.9 tuition for elementary or secondary public, private, or religious school); or

20.10 (2) the total amount required to be reported to the taxpayer by any trustee of a qualified  
20.11 tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue  
20.12 Service Form 1099Q for the taxable year.

20.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
20.14 after December 31, 2017.

20.15 Sec. 23. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
20.16 to read:

20.17 Subd. 16. **Section 199A addition.** For trusts and estates, the amount deducted under  
20.18 section 199A of the Internal Revenue Code in computing the trust or estate's federal taxable  
20.19 income is an addition.

20.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.21 31, 2018.

20.22 Sec. 24. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
20.23 to read:

20.24 Subd. 17. **Excess business losses.** (a) For taxable years beginning after December 31,  
20.25 2025, the amount of a disallowed excess business loss under section 461(l) of the Internal  
20.26 Revenue Code is an addition, notwithstanding the limit on the limitation in section 461(l)(1)  
20.27 of the Internal Revenue Code to taxable years beginning before January 1, 2026.

20.28 (b) A net operating loss carryover is allowed in an amount equal to the amount allowed  
20.29 under section 461(l)(2) of the Internal Revenue Code, but only to the extent that the amount  
20.30 of losses allowed under section 172 of the Internal Revenue Code plus the amount of the

21.1 carryover allowed under this subdivision does not exceed the limitation on the net operating  
21.2 loss deduction under section 172(a) of the Internal Revenue Code for any taxable year.

21.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.4 Sec. 25. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
21.5 to read:

21.6 Subd. 18. **Moving expenses.** (a) For taxable years beginning after December 31, 2025,  
21.7 the amount of moving expenses deducted from adjusted gross income under section 217 of  
21.8 the Internal Revenue Code is an addition.

21.9 (b) For taxable years beginning after December 31, 2025, the amount of moving expenses  
21.10 excluded from gross income under section 132(a)(6) of the Internal Revenue Code is an  
21.11 addition, except in the case of a member of the Armed Forces of the United States on active  
21.12 duty who moves pursuant to a military order and incident to a permanent change of station.

21.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
21.14 31, 2025.

21.15 Sec. 26. Minnesota Statutes 2018, section 290.0132, subdivision 1, is amended to read:

21.16 Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "subtraction"  
21.17 means an amount that shall be subtracted from federal taxable income for a trust or an estate  
21.18 or federal adjusted gross income for an individual in computing net income for the taxable  
21.19 year to which the amounts relate.

21.20 (b) The subtractions in this section apply to individuals, estates, and trusts.

21.21 (c) Unless specifically indicated or unless the context clearly indicates otherwise, no  
21.22 amount deducted, subtracted, or otherwise excluded in computing federal taxable income  
21.23 for a trust or an estate or federal adjusted gross income for an individual is a subtraction  
21.24 under this section.

21.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
21.26 31, 2018.

21.27 Sec. 27. Minnesota Statutes 2018, section 290.0132, subdivision 7, is amended to read:

21.28 Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent~~  
21.29 ~~not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in~~  
21.30 ~~determining federal taxable income by~~ For an individual who does not itemize deductions  
21.31 ~~for federal income tax purposes~~ under section 290.0132, subdivision 19, for the taxable

22.1 year, an amount equal to 50 percent of the excess of charitable contributions over \$500  
22.2 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue  
22.3 Code 290.0122, subdivision 4, is a subtraction. The subtraction under this subdivision must  
22.4 not include a distribution that is excluded from federal adjusted gross income and that is  
22.5 not deductible under section 408(d)(8)(E) of the Internal Revenue Code.

22.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.7 31, 2018.

22.8 Sec. 28. Minnesota Statutes 2018, section 290.0132, subdivision 18, is amended to read:

22.9 Subd. 18. **Net operating losses.** (a) The amount of the net operating loss allowed under  
22.10 section 290.095, subdivision 11, paragraph (c), is a subtraction.

22.11 (b) The amount of the net operating loss carryover allowed under section 290.0131,  
22.12 subdivision 17, is a subtraction.

22.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.14 31, 2025.

22.15 Sec. 29. Minnesota Statutes 2018, section 290.0132, subdivision 19, is amended to read:

22.16 Subd. 19. **Disallowed Standard or itemized deductions.** (a) The standard deduction  
22.17 amount allowed under section 290.0123, subdivision 1, is a subtraction.

22.18 (b) A taxpayer may elect to claim a subtraction equal to the amount of the limitation on  
22.19 itemized deductions calculated under section 68(b) of the Internal Revenue Code is a  
22.20 subtraction 290.0122, subdivision 1, in lieu of the subtraction for the standard deduction in  
22.21 paragraph (a).

22.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.23 31, 2018.

22.24 Sec. 30. Minnesota Statutes 2018, section 290.0132, subdivision 20, is amended to read:

22.25 Subd. 20. **Disallowed Personal Dependent exemption.** ~~The amount of the phaseout of~~  
22.26 ~~personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction.~~  
22.27 The dependent exemption amount under section 290.0121 is a subtraction.

22.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.29 31, 2018.

23.1 Sec. 31. Minnesota Statutes 2018, section 290.0132, subdivision 21, is amended to read:

23.2 Subd. 21. **Military service pension; retirement pay.** To the extent included in federal  
23.3 ~~taxable~~ adjusted gross income, compensation received from a pension or other retirement  
23.4 pay from the federal government for service in the military, as computed under United  
23.5 States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The  
23.6 subtraction is limited to individuals who do not claim the credit under section 290.0677.

23.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
23.8 31, 2018.

23.9 Sec. 32. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
23.10 to read:

23.11 Subd. 27. **Deferred foreign income of nonresidents.** For a nonresident individual the  
23.12 amount of deferred foreign income as defined in section 290.01, subdivision 19, is a  
23.13 subtraction.

23.14 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
23.15 changes in Public Law 115-97 relating to deferred foreign income were effective for federal  
23.16 purposes.

23.17 Sec. 33. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
23.18 to read:

23.19 Subd. 28. **Global intangible low-taxed income.** The amount of global intangible  
23.20 low-taxed income included in gross income under section 951A of the Internal Revenue  
23.21 Code is a subtraction.

23.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
23.23 after December 31, 2017.

23.24 Sec. 34. Minnesota Statutes 2018, section 290.0133, subdivision 6, is amended to read:

23.25 Subd. 6. **Special deductions.** (a) The amount of any special deductions under sections  
23.26 241 to 247, 250, and 965, except paragraph (h) of section 965, of the Internal Revenue Code  
23.27 is an addition.

23.28 (b) The addition under this subdivision is reduced by the amount of the deduction under  
23.29 section 245A of the Internal Revenue Code for an amount included in federal taxable income  
23.30 in a prior taxable year under section 965 of the Internal Revenue Code.

24.1 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
24.2 changes in Public Law 115-97, relating to deferred foreign income and global intangible  
24.3 low-taxed income, were effective for federal purposes.

24.4 Sec. 35. Minnesota Statutes 2018, section 290.0133, subdivision 12, is amended to read:

24.5 Subd. 12. **Section 179 expensing.** For property placed in service in taxable years  
24.6 beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed  
24.7 under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction  
24.8 allowable by section 179 of the Internal Revenue Code, as amended through December 31,  
24.9 2003, is an addition.

24.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
24.11 after December 31, 2017.

24.12 Sec. 36. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
24.13 to read:

24.14 Subd. 27. **Global intangible low-taxed income.** The amount of global intangible  
24.15 low-taxed income included in gross income under section 951A of the Internal Revenue  
24.16 Code is a subtraction.

24.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
24.18 after December 31, 2017.

24.19 Sec. 37. Minnesota Statutes 2018, section 290.032, subdivision 2, is amended to read:

24.20 Subd. 2. **Computation.** The amount of tax imposed by subdivision 1 shall be computed  
24.21 in the same way as the tax imposed under section 402(d) of the Internal Revenue Code of  
24.22 1986, as amended through December 31, 1995, except that the initial separate tax shall be  
24.23 an amount equal to five times the tax which would be imposed by section 290.06, subdivision  
24.24 2c, if the recipient was an unmarried individual, and the taxable net income was an amount  
24.25 equal to one-fifth of the excess of

24.26 (i) the total taxable amount of the lump-sum distribution for the year, over

24.27 (ii) the minimum distribution allowance, and except that references in section 402(d) of  
24.28 the Internal Revenue Code of 1986, as amended through December 31, 1995, to paragraph  
24.29 (1)(A) thereof shall instead be references to subdivision 1, and the excess, if any, of the  
24.30 subtraction base amount over ~~federal~~ taxable net income for a qualified individual as provided  
24.31 under section 290.0802, subdivision 2.



25.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
25.2 31, 2018.

25.3 Sec. 38. Minnesota Statutes 2018, section 290.05, subdivision 3, is amended to read:

25.4 Subd. 3. **Taxes imposed on exempt entities.** (a) An organization exempt from taxation  
25.5 under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent  
25.6 provided in the following provisions of the Internal Revenue Code:

25.7 (1) section 527 (dealing with political organizations);

25.8 (2) section 528 (dealing with certain homeowners associations);

25.9 (3) sections 511 to 515 (dealing with unrelated business income);

25.10 (4) section 521 (dealing with farmers' cooperatives); and

25.11 (5) section 6033(e)(2) (dealing with lobbying expense); but notwithstanding this  
25.12 subdivision, shall be considered an organization exempt from income tax for the purposes  
25.13 of any law which refers to organizations exempt from income taxes.

25.14 (b) The tax shall be imposed on the taxable income of political organizations or  
25.15 homeowner associations or the unrelated business taxable income, as defined in section 512  
25.16 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue  
25.17 Code, provided that the tax is not imposed on:

25.18 (1) advertising revenues from a newspaper published by an organization described in  
25.19 section 501(c)(4) of the Internal Revenue Code; ~~or~~

25.20 (2) revenues from lawful gambling authorized under chapter 349 that are expended for  
25.21 purposes that qualify for the deduction for charitable contributions under section 170 of the  
25.22 Internal Revenue Code, disregarding the limitation under section 170(b)(2), but only to the  
25.23 extent the contributions are not deductible in computing federal taxable income; or

25.24 (3) amounts included in unrelated business taxable income under section 512(a)(7) of  
25.25 the Internal Revenue Code.

25.26 The tax shall be at the corporate rates. The tax shall only be imposed on income and  
25.27 deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted  
25.28 in computing federal taxable income, the deductions contained in section 290.21 shall not  
25.29 be allowed in computing Minnesota taxable net income.

25.30 (c) The tax shall be imposed on organizations subject to federal tax under section  
25.31 6033(e)(2) of the Internal Revenue Code, in an amount equal to the corporate tax rate

26.1 multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are  
26.2 attributable to lobbying the Minnesota state government.

26.3 (d) In calculating unrelated business taxable income under section 512 of the Internal  
26.4 Revenue Code, the amount of any net operating loss deduction claimed under section 172  
26.5 of the Internal Revenue Code is an addition. Taxpayers making an addition under this  
26.6 paragraph may deduct a net operating loss for the taxable year in the same manner as a  
26.7 corporation under section 290.095, in a form and manner prescribed by the commissioner,  
26.8 and may calculate the loss without the application of the limitation provided for under  
26.9 section 512(a)(6) of the Internal Revenue Code.

26.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
26.11 after December 31, 2017.

26.12 Sec. 39. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

26.13 Subd. 2d. **Inflation adjustment of brackets.** ~~(a) For taxable years beginning after~~  
26.14 ~~December 31, 2013,~~ The commissioner shall annually adjust the minimum and maximum  
26.15 dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c ~~shall be~~  
26.16 ~~adjusted for inflation by the percentage determined under paragraph (b).~~ For the purpose  
26.17 ~~of making the adjustment as provided in this subdivision all of the rate brackets provided~~  
26.18 ~~in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after~~  
26.19 ~~December 31, 2012, and before January 1, 2014~~ as provided in section 270C.22. The statutory  
26.20 year is taxable year 2019. The rate applicable to any rate bracket must not be changed. The  
26.21 dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets.  
26.22 The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket  
26.23 ends in \$5, it must be rounded up to the nearest \$10 amount.

26.24 ~~(b) The commissioner shall adjust the rate brackets and by the percentage determined~~  
26.25 ~~pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section~~  
26.26 ~~1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the~~  
26.27 ~~commissioner shall then determine the percent change from the 12 months ending on August~~  
26.28 ~~31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from~~  
26.29 ~~the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the~~  
26.30 ~~year preceding the taxable year. The determination of the commissioner pursuant to this~~  
26.31 ~~subdivision shall not be considered a "rule" and shall not be subject to the Administrative~~  
26.32 ~~Procedure Act contained in chapter 14.~~

26.33 ~~No later than December 15 of each year, the commissioner shall announce the specific~~  
26.34 ~~percentage that will be used to adjust the tax rate brackets.~~

27.1 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
27.2 years beginning after December 31, 2019.

27.3 Sec. 40. Minnesota Statutes 2018, section 290.06, subdivision 2h, is amended to read:

27.4 Subd. 2h. **Section 529 plan recapture.** (a) For the purposes of this subdivision:

27.5 (1) the definitions under section 290.0684 apply;

27.6 (2) "account owner" means an individual who owns one or more qualified accounts;

27.7 (3) "credit ratio" means the ratio of (i) two times the total amount of credits that an  
27.8 account owner claimed under section 290.0684 for contributions to the account owner's  
27.9 qualified accounts to (ii) the total contributions in all taxable years to the account owner's  
27.10 qualified accounts; ~~and~~

27.11 (4) "qualified higher education expenses" has the meaning given in section 529(e)(3) of  
27.12 the Internal Revenue Code, except section 529(c)(7) does not apply; and

27.13 (5) "subtraction ratio" means the ratio of (i) the total amount of subtractions that an  
27.14 account owner claimed under section 290.0132, subdivision 23, for contributions to the  
27.15 account owner's qualified accounts to (ii) the total contributions in all taxable years to the  
27.16 account owner's qualified accounts.

27.17 (b) If a distribution from a qualified account is used for a purpose other than to pay for  
27.18 qualified higher education expenses, the account owner must pay an additional tax equal  
27.19 to:

27.20 (1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

27.21 (2) ten percent of the product of the subtraction ratio and the amount of the distribution.

27.22 (c) The additional tax under this subdivision does not apply to any portion of a distribution  
27.23 that is subject to the additional tax under section 529(c)(6) of the Internal Revenue Code.

27.24 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
27.25 after December 31, 2017.

27.26 Sec. 41. Minnesota Statutes 2018, section 290.067, subdivision 2b, is amended to read:

27.27 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar  
27.28 amount of the income threshold at which the maximum credit begins to be reduced under  
27.29 subdivision 1 ~~by the percentage determined pursuant to the provisions of section 1(f) of the~~  
27.30 ~~Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" shall be substituted~~

28.1 ~~for the word "1992." For 2018, the commissioner shall then determine the percent change~~  
28.2 ~~from the 12 months ending on August 31, 2016, to the 12 months ending on August 31,~~  
28.3 ~~2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the~~  
28.4 ~~12 months ending on August 31 of the year preceding the taxable year. The determination~~  
28.5 ~~of the commissioner pursuant to this subdivision must not be considered a "rule" and is not~~  
28.6 ~~subject to the Administrative Procedure Act contained in chapter 14. The threshold amount~~  
28.7 ~~as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount~~  
28.8 ~~is rounded up to the nearest \$10 amount~~ as provided in section 270C.22. The statutory year  
28.9 is taxable year 2019.

28.10 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
28.11 years beginning after December 31, 2019.

28.12 Sec. 42. Minnesota Statutes 2018, section 290.0671, subdivision 7, is amended to read:

28.13 Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned  
28.14 income amounts used to calculate the credit and the income phase-out thresholds at which  
28.15 the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation.  
28.16 ~~The commissioner shall adjust by the percentage determined pursuant to the provisions of~~  
28.17 ~~section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013"~~  
28.18 ~~shall be substituted for the word "1992." For 2015, the commissioner shall then determine~~  
28.19 ~~the percent change from the 12 months ending on August 31, 2013, to the 12 months ending~~  
28.20 ~~on August 31, 2014, and in each subsequent year, from the 12 months ending on August~~  
28.21 ~~31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year. The~~  
28.22 ~~earned income thresholds as adjusted for inflation must be rounded to the nearest \$10~~  
28.23 ~~amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The~~  
28.24 ~~determination of the commissioner under this subdivision is not a rule under the~~  
28.25 ~~Administrative Procedure Act~~ as provided in section 270C.22. The statutory year is taxable  
28.26 year 2019.

28.27 **EFFECTIVE DATE.** This section is effective for adjustments for taxable years  
28.28 beginning after December 31, 2019.

28.29 Sec. 43. Minnesota Statutes 2018, section 290.0672, subdivision 1, is amended to read:

28.30 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
28.31 the meanings given.

28.32 (b) "Long-term care insurance" means a policy that:

29.1 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding  
29.2 the adjusted gross income test; or meets the requirements given in section 62A.46; or provides  
29.3 similar coverage issued under the laws of another jurisdiction; and

29.4 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

29.5 (3) has been offered in compliance with the inflation protection requirements of section  
29.6 62S.23.

29.7 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

29.8 (d) "Premiums deducted in determining ~~federal taxable~~ net income" means the lesser of  
29.9 (1) long-term care insurance premiums that qualify as deductions under section 213 of the  
29.10 Internal Revenue Code; and (2) the total amount deductible for medical care under ~~section~~  
29.11 ~~213 of the Internal Revenue Code~~ section 290.0122, subdivision 6, if the taxpayer itemizes  
29.12 deductions for the tax year.

29.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
29.14 31, 2018.

29.15 Sec. 44. Minnesota Statutes 2018, section 290.0672, subdivision 2, is amended to read:

29.16 Subd. 2. **Credit.** A taxpayer is allowed a credit against the tax imposed by this chapter  
29.17 for long-term care insurance policy premiums paid during the tax year. The credit for each  
29.18 policy equals 25 percent of premiums paid to the extent not deducted in determining ~~federal~~  
29.19 ~~taxable~~ net income. A taxpayer may claim a credit for only one policy for each qualified  
29.20 beneficiary. A maximum of \$100 applies to each qualified beneficiary. The maximum total  
29.21 credit allowed per year is \$200 for married couples filing joint returns and \$100 for all other  
29.22 filers. For a nonresident or part-year resident, the credit determined under this section must  
29.23 be allocated based on the percentage calculated under section 290.06, subdivision 2c,  
29.24 paragraph (e).

29.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
29.26 31, 2018.

29.27 Sec. 45. Minnesota Statutes 2018, section 290.0675, subdivision 1, is amended to read:

29.28 Subdivision 1. **Definitions.** (a) For purposes of this section the following terms have  
29.29 the meanings given.

29.30 (b) "Earned income" means the sum of the following, to the extent included in Minnesota  
29.31 taxable income:

- 30.1 (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;
- 30.2 (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity
- 30.3 plan; and
- 30.4 (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.
- 30.5 (c) "Taxable income" means net income as defined in section 290.01, subdivision 19.
- 30.6 (d) "Earned income of lesser-earning spouse" means the earned income of the spouse
- 30.7 with the lesser amount of earned income as defined in paragraph (b) for the taxable year
- 30.8 minus the sum of (i) the amount for one exemption under section ~~451(d) of the Internal~~
- 30.9 ~~Revenue Code~~ 290.0121, subdivision 1, paragraph (b), and (ii) one-half the amount of the
- 30.10 standard deduction under section ~~63(e)(2)(A) and (4) of the Internal Revenue Code~~ 290.0123.

30.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

30.12 31, 2018.

30.13 Sec. 46. Minnesota Statutes 2018, section 290.0681, subdivision 1, is amended to read:

30.14 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

30.15 the meanings given.

30.16 (b) "Account" means the historic credit administration account in the special revenue

30.17 fund.

30.18 (c) "Office" means the State Historic Preservation Office of the Department of

30.19 Administration.

30.20 (d) "Project" means rehabilitation of a certified historic structure, as defined in section

30.21 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a

30.22 federal credit.

30.23 (e) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal

30.24 Revenue Code, except that the amount allowed is deemed to be allocated in the taxable year

30.25 that the project is placed in service.

30.26 (f) "Placed in service" has the meaning used in section 47 of the Internal Revenue Code.

30.27 (g) "Qualified rehabilitation expenditures" has the meaning given in section 47 of the

30.28 Internal Revenue Code.

30.29 **EFFECTIVE DATE.** This section is effective for applications for allocation certificates

30.30 submitted after December 31, 2018.

31.1 Sec. 47. Minnesota Statutes 2018, section 290.0681, subdivision 2, is amended to read:

31.2 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed  
31.3 against the tax imposed under this chapter equal to not more than 100 percent of the credit  
31.4 allowed under section ~~47(a)(2)~~ 47(a) of the Internal Revenue Code for a project. The credit  
31.5 is payable in full in the taxable year the project is placed in service. To qualify for the credit:

31.6 (1) the project must receive Part 3 certification and be placed in service during the taxable  
31.7 year; and

31.8 (2) the taxpayer must be allowed the federal credit and be issued a credit certificate for  
31.9 the taxable year as provided in subdivision 4.

31.10 (b) The commissioner of administration may pay a grant in lieu of the credit. The grant  
31.11 equals 90 percent of the credit that would be allowed for the project. The grant is payable  
31.12 in full in the taxable year the project is placed in service.

31.13 (c) In lieu of the credit under paragraph (a), an insurance company may claim a credit  
31.14 against the insurance premiums tax imposed under chapter 297I.

31.15 **EFFECTIVE DATE.** This section is effective for applications for allocation certificates  
31.16 submitted after December 31, 2018.

31.17 Sec. 48. Minnesota Statutes 2018, section 290.0684, subdivision 1, is amended to read:

31.18 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
31.19 the meanings given them.

31.20 (b) "Contribution" means the amount contributed to one or more qualified accounts  
31.21 except that the amount:

31.22 (1) is reduced by any withdrawals or distributions, other than transfers or rollovers to  
31.23 another qualified account, from a qualified account during the taxable year; and

31.24 (2) excludes the amount of any transfers or rollovers from a qualified account made  
31.25 during the taxable year.

31.26 (c) "Federal adjusted gross income" has the meaning given under section 62(a) of the  
31.27 Internal Revenue Code.

31.28 (d) "Qualified account" means an account qualifying under section 529 of the Internal  
31.29 Revenue Code.

31.30 ~~(e) "Qualified higher education expenses" has the meaning given in section 529 of the~~  
31.31 ~~Internal Revenue Code.~~

32.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

32.2 Sec. 49. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

32.3 Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a  
32.4 credit against the tax imposed by this chapter. The credit is not allowed to an individual  
32.5 who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the  
32.6 Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

32.7 (b) The amount of the credit allowed equals 50 percent of contributions for the taxable  
32.8 year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no  
32.9 case is the credit less than zero.

32.10 (c) For individual filers, the maximum credit is reduced by two percent of adjusted gross  
32.11 income in excess of \$75,000.

32.12 (d) For married couples filing a joint return, the maximum credit is phased out as follows:

32.13 (1) for married couples with adjusted gross income in excess of \$75,000, but not more  
32.14 than \$100,000, the maximum credit is reduced by one percent of adjusted gross income in  
32.15 excess of \$75,000;

32.16 (2) for married couples with adjusted gross income in excess of \$100,000, but not more  
32.17 than \$135,000, the maximum credit is \$250; and

32.18 (3) for married couples with adjusted gross income in excess of \$135,000, the maximum  
32.19 credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

32.20 (e) The commissioner shall annually adjust the income thresholds in paragraphs (c) and  
32.21 ~~(d) used to calculate the maximum credit must be adjusted for inflation. The commissioner~~  
32.22 ~~shall adjust the income thresholds by the percentage determined under the provisions of~~  
32.23 ~~section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016"~~  
32.24 ~~is substituted for the word "1992." For 2018, the commissioner shall then determine the~~  
32.25 ~~percent change from the 12 months ending on August 31, 2016, to the 12 months ending~~  
32.26 ~~on August 31, 2017, and in each subsequent year, from the 12 months ending on August~~  
32.27 ~~31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The~~  
32.28 ~~income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If~~  
32.29 ~~the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The~~  
32.30 ~~determination of the commissioner under this subdivision is not subject to chapter 14,~~  
32.31 ~~including section 14.386 as provided in section 270C.22. The statutory year is taxable year~~  
32.32 2019.



33.1 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
33.2 years beginning after December 31, 2019.

33.3 Sec. 50. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

33.4 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal  
33.5 ~~taxable~~ adjusted gross income of the individual's subtraction base amount. The excess of  
33.6 the subtraction base amount over the taxable net income computed without regard to the  
33.7 subtraction for the elderly or disabled under section 290.0132, subdivision 5, may be used  
33.8 to reduce the amount of a lump sum distribution subject to tax under section 290.032.

33.9 (b)(1) The initial subtraction base amount equals

33.10 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

33.11 (ii) \$9,600 for a single taxpayer, and

33.12 (iii) \$6,000 for a married taxpayer filing a separate federal return.

33.13 (2) The qualified individual's initial subtraction base amount, then, must be reduced by  
33.14 the sum of nontaxable retirement and disability benefits and one-half of the amount of  
33.15 adjusted gross income in excess of the following thresholds:

33.16 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified  
33.17 individuals,

33.18 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one  
33.19 spouse is a qualified individual, and

33.20 (iii) \$9,000 for a married taxpayer filing a separate federal return.

33.21 (3) In the case of a qualified individual who is under the age of 65, the maximum amount  
33.22 of the subtraction base may not exceed the taxpayer's disability income.

33.23 (4) The resulting amount is the subtraction base amount.

33.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
33.25 31, 2018.

33.26 Sec. 51. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

33.27 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following  
33.28 terms have the meanings given.

33.29 (a) "Alternative minimum taxable income" means the sum of the following for the taxable  
33.30 year:

- 34.1 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
34.2 55(b)(2) of the Internal Revenue Code;
- 34.3 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum  
34.4 taxable income, but excluding:
- 34.5 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;
- 34.6 (ii) the medical expense deduction;
- 34.7 (iii) the casualty, theft, and disaster loss deduction; and
- 34.8 (iv) the impairment-related work expenses of a disabled person;
- 34.9 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue  
34.10 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),  
34.11 to the extent not included in federal alternative minimum taxable income, the excess of the  
34.12 deduction for depletion allowable under section 611 of the Internal Revenue Code for the  
34.13 taxable year over the adjusted basis of the property at the end of the taxable year (determined  
34.14 without regard to the depletion deduction for the taxable year);
- 34.15 (4) to the extent not included in federal alternative minimum taxable income, the amount  
34.16 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue  
34.17 Code determined without regard to subparagraph (E);
- 34.18 (5) to the extent not included in federal alternative minimum taxable income, the amount  
34.19 of interest income as provided by section 290.0131, subdivision 2; ~~and~~
- 34.20 (6) the amount of addition required by section 290.0131, subdivisions ~~9 to 11~~, 10, and  
34.21 16; and
- 34.22 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent  
34.23 not included in the addition required under clause (6);
- 34.24 less the sum of the amounts determined under the following:
- 34.25 (i) interest income as defined in section 290.0132, subdivision 2;
- 34.26 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
34.27 3, to the extent included in federal alternative minimum taxable income;
- 34.28 (iii) the amount of investment interest paid or accrued within the taxable year on  
34.29 indebtedness to the extent that the amount does not exceed net investment income, as defined  
34.30 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted  
34.31 in computing federal adjusted gross income;

35.1 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,  
35.2 subdivisions 7, 9 to 15, 17, 21, 24, and 26 to 29; ~~and~~

35.3 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
35.4 paragraph (c); and

35.5 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,  
35.6 subdivision 7.

35.7 In the case of an estate or trust, alternative minimum taxable income must be computed  
35.8 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum  
35.9 taxable income must be increased by the addition in section 290.0131, subdivision 16.

35.10 (b) "Investment interest" means investment interest as defined in section 163(d)(3) of  
35.11 the Internal Revenue Code.

35.12 (c) "Net minimum tax" means the minimum tax imposed by this section.

35.13 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard  
35.14 to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed  
35.15 under this chapter.

35.16 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income  
35.17 after subtracting the exemption amount determined under subdivision 3.

35.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
35.19 31, 2018.

35.20 Sec. 52. Minnesota Statutes 2018, section 290.091, subdivision 3, is amended to read:

35.21 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative minimum  
35.22 tax, the exemption amount is, ~~for taxable years beginning after December 31, 2005,~~ \$60,000  
35.23 for married couples filing joint returns, \$30,000 for married individuals filing separate  
35.24 returns, estates, and trusts, and \$45,000 for unmarried individuals.

35.25 (b) The exemption amount determined under this subdivision is subject to the phase out  
35.26 under section ~~55(d)(3)~~ 55(d)(2) of the Internal Revenue Code, except that alternative  
35.27 minimum taxable income as determined under this section must be substituted in the  
35.28 computation of the phase out, and section 55(d)(4) of the Internal Revenue Code does not  
35.29 apply.

35.30 (c) ~~For taxable years beginning after December 31, 2006,~~ The commissioner shall  
35.31 annually adjust the exemption amount under amounts in paragraph (a) must be adjusted for  
35.32 inflation. The commissioner shall adjust the exemption amount by the percentage determined

36.1 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
36.2 1(f)(3)(B) the word "2005" shall be substituted for the word "1992." For 2007, the  
36.3 commissioner shall then determine the percent change from the 12 months ending on August  
36.4 31, 2005, to the 12 months ending on August 31, 2006, and in each subsequent year, from  
36.5 the 12 months ending on August 31, 2005, to the 12 months ending on August 31 of the  
36.6 year preceding the taxable year. The exemption amount as adjusted must be rounded to the  
36.7 nearest \$10. If the amount ends in \$5, it must be rounded up to the nearest \$10 amount. The  
36.8 determination of the commissioner under this subdivision is not a rule under the  
36.9 Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable  
36.10 year 2019.

36.11 **EFFECTIVE DATE.** (a) The amendment to paragraph (b) is effective the day following  
36.12 final enactment.

36.13 (b) The amendment to paragraph (c) is effective for taxable years beginning after  
36.14 December 31, 2019.

36.15 Sec. 53. Minnesota Statutes 2018, section 290.0921, subdivision 2, is amended to read:

36.16 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the  
36.17 meanings given them.

36.18 (b) "Alternative minimum taxable net income" is alternative minimum taxable income,

36.19 (1) less the exemption amount, and

36.20 (2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

36.21 (c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of  
36.22 the excess of alternative minimum taxable income over \$150,000.

36.23 (d) "Minnesota alternative minimum taxable income" is alternative minimum taxable  
36.24 net income, less the deductions for alternative tax net operating loss under subdivision 4;  
36.25 and dividends received under subdivision 6. The sum of the deductions under this paragraph  
36.26 may not exceed 90 percent of alternative minimum taxable net income. This limitation does  
36.27 not apply to:

36.28 (1) a deduction for dividends paid to or received from a corporation which is subject to  
36.29 tax under section 290.36 and which is a member of an affiliated group of corporations as  
36.30 defined by the Internal Revenue Code; or

36.31 (2) a deduction for dividends received from a property and casualty insurer as defined  
36.32 under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations

37.1 as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in  
 37.2 consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31,  
 37.3 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal  
 37.4 Revenue Code.

37.5 (e) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended  
 37.6 through December 16, 2016.

37.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 37.8 31, 2018.

37.9 Sec. 54. Minnesota Statutes 2018, section 290.0922, subdivision 1, is amended to read:

37.10 Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without  
 37.11 regard to this section, the franchise tax imposed on a corporation required to file under  
 37.12 section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation under  
 37.13 section 290.9725 for the taxable year includes a tax equal to the following amounts:

37.14	If the sum of the corporation's Minnesota		
37.15	property, payrolls, and sales or receipts is:		the tax equals:
37.16	less than	\$ 930,000	\$ 0
37.17	\$ 930,000 to	\$ 1,869,999	\$ 190
37.18	\$ 1,870,000 to	\$ 9,339,999	\$ 560
37.19	\$ 9,340,000 to	\$ 18,679,999	\$ 1,870
37.20	\$ 18,680,000 to	\$ 37,359,999	\$ 3,740
37.21	\$ 37,360,000 or more		\$ 9,340

37.22 (b) A tax is imposed for each taxable year on a corporation required to file a return under  
 37.23 section 289A.12, subdivision 3, that is treated as an "S" corporation under section 290.9725  
 37.24 and on a partnership required to file a return under section 289A.12, subdivision 3, other  
 37.25 than a partnership that derives over 80 percent of its income from farming. The tax imposed  
 37.26 under this paragraph is due on or before the due date of the return for the taxpayer due under  
 37.27 section 289A.18, subdivision 1. The commissioner shall prescribe the return to be used for  
 37.28 payment of this tax. The tax under this paragraph is equal to the following amounts:

37.29	If the sum of the S corporation's		
37.30	or partnership's Minnesota		
37.31	property, payrolls, and sales or		
37.32	receipts is:		the tax equals:
37.33	less than	\$ 930,000	\$ 0
37.34	\$ 930,000 to	\$ 1,869,999	\$ 190
37.35	\$ 1,870,000 to	\$ 9,339,999	\$ 560

38.1	\$ 9,340,000 to	\$ 18,679,999	\$ 1,870
38.2	\$ 18,680,000 to	\$ 37,359,999	\$ 3,740
38.3	\$ 37,360,000 or more		\$ 9,340

38.4 (c) The commissioner shall annually adjust the dollar amounts of both the tax and the  
 38.5 property, payrolls, and sales or receipts thresholds in paragraphs (a) and (b) ~~by the percentage~~  
 38.6 ~~determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except~~  
 38.7 ~~that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992." For~~  
 38.8 ~~2014, the commissioner shall determine the percentage change from the 12 months ending~~  
 38.9 ~~on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent~~  
 38.10 ~~year, from the 12 months ending on August 31, 2012, to the 12 months ending on August~~  
 38.11 ~~31 of the year preceding the taxable year. The determination of the commissioner pursuant~~  
 38.12 ~~to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in~~  
 38.13 ~~chapter 14 as provided in section 270C.22. The statutory year is taxable year 2019. The tax~~  
 38.14 amounts as adjusted must be rounded to the nearest \$10 amount and the threshold amounts  
 38.15 must be adjusted to the nearest \$10,000 amount. For tax amounts that end in \$5, the amount  
 38.16 is rounded up to the nearest \$10 amount and for the threshold amounts that end in \$5,000,  
 38.17 the amount is rounded up to the nearest \$10,000.

38.18 **EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable  
 38.19 years beginning after December 31, 2019.

38.20 Sec. 55. Minnesota Statutes 2018, section 290.095, subdivision 2, is amended to read:

38.21 Subd. 2. **Defined and limited.** (a) The term "net operating loss" as used in this section  
 38.22 shall mean a net operating loss as defined in section 172(c) of the Internal Revenue Code,  
 38.23 with the modifications specified in subdivision 4. The deductions provided in section 290.21  
 38.24 cannot be used in the determination of a net operating loss.

38.25 (b) The term "net operating loss deduction" as used in this section means the aggregate  
 38.26 of the net operating loss carryovers to the taxable year, computed in accordance with  
 38.27 subdivision 3. The provisions of section 172(b) of the Internal Revenue Code relating to  
 38.28 the carryback of net operating losses, do not apply.

38.29 (c) The amount of net operating loss deduction under this section must not exceed 80  
 38.30 percent of taxable net income in a single taxable year.

38.31 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 38.32 after December 31, 2017.

39.1 Sec. 56. Minnesota Statutes 2018, section 290.17, subdivision 2, is amended to read:

39.2 Subd. 2. **Income not derived from conduct of a trade or business.** The income of a  
39.3 taxpayer subject to the allocation rules that is not derived from the conduct of a trade or  
39.4 business must be assigned in accordance with paragraphs (a) to (f):

39.5 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section  
39.6 3401(a) ~~and~~, (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the  
39.7 extent that, the work of the employee is performed within it; all other income from such  
39.8 sources is treated as income from sources without this state.

39.9 Severance pay shall be considered income from labor or personal or professional services.

39.10 (2) In the case of an individual who is a nonresident of Minnesota and who is an athlete  
39.11 or entertainer, income from compensation for labor or personal services performed within  
39.12 this state shall be determined in the following manner:

39.13 (i) the amount of income to be assigned to Minnesota for an individual who is a  
39.14 nonresident salaried athletic team employee shall be determined by using a fraction in which  
39.15 the denominator contains the total number of days in which the individual is under a duty  
39.16 to perform for the employer, and the numerator is the total number of those days spent in  
39.17 Minnesota. For purposes of this paragraph, off-season training activities, unless conducted  
39.18 at the team's facilities as part of a team imposed program, are not included in the total number  
39.19 of duty days. Bonuses earned as a result of play during the regular season or for participation  
39.20 in championship, play-off, or all-star games must be allocated under the formula. Signing  
39.21 bonuses are not subject to allocation under the formula if they are not conditional on playing  
39.22 any games for the team, are payable separately from any other compensation, and are  
39.23 nonrefundable; and

39.24 (ii) the amount of income to be assigned to Minnesota for an individual who is a  
39.25 nonresident, and who is an athlete or entertainer not listed in item (i), for that person's athletic  
39.26 or entertainment performance in Minnesota shall be determined by assigning to this state  
39.27 all income from performances or athletic contests in this state.

39.28 (3) For purposes of this section, amounts received by a nonresident as "retirement income"  
39.29 as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public  
39.30 Law 104-95, are not considered income derived from carrying on a trade or business or  
39.31 from wages or other compensation for work an employee performed in Minnesota, and are  
39.32 not taxable under this chapter.

40.1 (b) Income or gains from tangible property located in this state that is not employed in  
40.2 the business of the recipient of the income or gains must be assigned to this state.

40.3 (c) Income or gains from intangible personal property not employed in the business of  
40.4 the recipient of the income or gains must be assigned to this state if the recipient of the  
40.5 income or gains is a resident of this state or is a resident trust or estate.

40.6 Gain on the sale of a partnership interest is allocable to this state in the ratio of the  
40.7 original cost of partnership tangible property in this state to the original cost of partnership  
40.8 tangible property everywhere, determined at the time of the sale. If more than 50 percent  
40.9 of the value of the partnership's assets consists of intangibles, gain or loss from the sale of  
40.10 the partnership interest is allocated to this state in accordance with the sales factor of the  
40.11 partnership for its first full tax period immediately preceding the tax period of the partnership  
40.12 during which the partnership interest was sold.

40.13 Gain on the sale of an interest in a single member limited liability company that is  
40.14 disregarded for federal income tax purposes is allocable to this state as if the single member  
40.15 limited liability company did not exist and the assets of the limited liability company are  
40.16 personally owned by the sole member.

40.17 Gain on the sale of goodwill or income from a covenant not to compete that is connected  
40.18 with a business operating all or partially in Minnesota is allocated to this state to the extent  
40.19 that the income from the business in the year preceding the year of sale was allocable to  
40.20 Minnesota under subdivision 3.

40.21 When an employer pays an employee for a covenant not to compete, the income allocated  
40.22 to this state is in the ratio of the employee's service in Minnesota in the calendar year  
40.23 preceding leaving the employment of the employer over the total services performed by the  
40.24 employee for the employer in that year.

40.25 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned  
40.26 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision  
40.27 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

40.28 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the  
40.29 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

40.30 (f) For the purposes of this section, working as an employee shall not be considered to  
40.31 be conducting a trade or business.

40.32 **EFFECTIVE DATE.** This section is effective for wages paid after December 31, 2018.



41.1 Sec. 57. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to  
41.2 read:

41.3 Subd. 4a. **Controlled foreign corporations.** (a) For purposes of applying subdivision  
41.4 4, a controlled foreign corporation as defined in section 957 of the Internal Revenue Code  
41.5 is deemed to be a domestic corporation if:

41.6 (1) a United States shareholder of a controlled foreign corporation is required for the  
41.7 taxable year to include in gross income the shareholder's global intangible low-taxed income  
41.8 under section 951A of the Internal Revenue Code; and

41.9 (2) the commissioner determines that the controlled foreign corporation is a member of  
41.10 a unitary group.

41.11 The determination made by the commissioner under clause (2) is prima facie correct  
41.12 and valid and the taxpayer subject to this determination has the burden of establishing the  
41.13 determination's incorrectness or invalidity in any related action or proceeding.

41.14 (b) For purposes of imposing a tax under this chapter, the federal taxable income of a  
41.15 controlled foreign corporation deemed to be a domestic corporation under this subdivision  
41.16 must be computed as follows:

41.17 (1) a profit and loss statement must be prepared in the currency in which the books of  
41.18 account of the controlled foreign corporation are regularly maintained;

41.19 (2) except as determined by the commissioner, adjustments must be made to the profit  
41.20 and loss statement to conform the statement to the accounting principles generally accepted  
41.21 in the United States for the preparation of those statements;

41.22 (3) adjustments must be made to the profit and loss statement to conform it to the tax  
41.23 accounting standards required by the commissioner;

41.24 (4) unless otherwise authorized by the commissioner, the profit and loss statement of  
41.25 each member of the combined group, and the apportionment factors related to the combined  
41.26 group, whether domestic or foreign, must be converted into the currency in which the parent  
41.27 company maintains its books and records; and

41.28 (5) income apportioned to this state must be expressed in United States dollars.

41.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
41.30 31, 2018.

42.1 Sec. 58. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to  
42.2 read:

42.3 Subd. 4b. **Worldwide election.** (a) Taxpayer members of a unitary group, one or more  
42.4 members of which are subject to the requirements of subdivision 4a, paragraph (a), for the  
42.5 taxable year may elect to determine each of their apportioned shares of the net business  
42.6 income or loss of the combined group under a worldwide election. Under such an election,  
42.7 taxpayer members must take into account the entire income and apportionment factors of  
42.8 each member of the unitary group, regardless of the place where a member is incorporated  
42.9 or formed. Corporations or other entities incorporated or formed outside of the United States  
42.10 are subject to the requirements of subdivision 4a, paragraph (b), in reporting their income.

42.11 (b) A worldwide election is effective only if made on a timely filed, original return for  
42.12 the tax year by each member of the unitary group subject to tax under this chapter.

42.13 (c) A worldwide election is binding for and applies to the taxable year it is made and  
42.14 for the ten following taxable years.

42.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
42.16 31, 2018.

42.17 Sec. 59. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to  
42.18 read:

42.19 Subd. 4c. **Withdrawal; reinstatement.** (a) The election under subdivision 4b, paragraph  
42.20 (a), may be withdrawn:

42.21 (1) after expiration of the ten-year period in subdivision 4b, paragraph (c), provided that  
42.22 the withdrawal is made in writing within one year of the expiration of the election; or

42.23 (2) prior to the expiration of the ten-year period, if the taxpayer members:

42.24 (i) file a written withdrawal request with the commissioner of revenue;

42.25 (ii) would experience an extraordinary hardship due to unforeseen changes in this state's  
42.26 tax statutes, laws, or policies; and

42.27 (iii) receive written permission from the commissioner approving the withdrawal, which  
42.28 the commissioner may grant.

42.29 (b) A withdrawal made under paragraph (a) is binding for ten years. If no withdrawal  
42.30 is properly made under paragraph (a), clause (1), the worldwide election is binding for an  
42.31 additional ten taxable years. If the commissioner grants written permission to withdraw  
42.32 under paragraph (a), clause (2), the commissioner must impose any requirement deemed

43.1 necessary to prevent evasion of tax or to clearly reflect income for the election period before  
43.2 or after withdrawal.

43.3 (c) Notwithstanding the requirement binding withdrawal for ten years under paragraph  
43.4 (b), the election may be reinstated if the taxpayer members:

43.5 (1) file a written reinstatement request with the commissioner of revenue;

43.6 (2) would experience an extraordinary hardship due to unforeseen changes in this state's  
43.7 tax statutes, laws, or policies; and

43.8 (3) receive written permission from the commissioner approving the reinstatement, which  
43.9 the commissioner may grant.

43.10 (d) A reinstatement under paragraph (c) is binding for a period of ten years. The withdrawal  
43.11 provisions of paragraph (a) apply to a reinstatement under paragraph (c), and the provisions  
43.12 of paragraph (c) apply to a reinstatement following a subsequent withdrawal.

43.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
43.14 31, 2018.

43.15 Sec. 60. Minnesota Statutes 2018, section 290.21, is amended by adding a subdivision to  
43.16 read:

43.17 Subd. 9. **Controlled foreign corporations.** The net income of a domestic corporation  
43.18 that is included pursuant to sections 951 and 965 of the Internal Revenue Code is dividend  
43.19 income.

43.20 **EFFECTIVE DATE.** This section is effective retroactively at the same time as the  
43.21 changes in Public Law 115-97 relating to deferred foreign income were effective for federal  
43.22 purposes.

43.23 Sec. 61. Minnesota Statutes 2018, section 290.34, is amended by adding a subdivision to  
43.24 read:

43.25 Subd. 5. **Insurance companies; interest expense limitation.** To be consistent with the  
43.26 federal treatment of the interest expense limitation under section 163(j) of the Internal  
43.27 Revenue Code for an affiliated group that includes an insurance company taxable under  
43.28 chapter 297I and exempt from taxation under section 290.05, subdivision 1, clause (c), the  
43.29 rules under this subdivision apply. In that case, the interest expense limitation under section  
43.30 163(j) of the Internal Revenue Code must be computed for the corporation subject to tax  
43.31 under this chapter using the adjusted taxable income of the insurance companies that are

44.1 part of the affiliated group and taxed under chapter 297I. For purposes of this subdivision,  
44.2 "affiliated group" means the corporations included in the federal consolidated return for the  
44.3 taxable year.

44.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
44.5 31, 2017.

44.6 Sec. 62. Minnesota Statutes 2018, section 290.34, is amended by adding a subdivision to  
44.7 read:

44.8 Subd. 6. **Affiliated corporations filing a combined report; interest expense**  
44.9 **limitation.** Section 163(j) of the Internal Revenue Code shall be applied to affiliated  
44.10 corporations permitted or required to file a combined report under section 290.17, subdivision  
44.11 4, consistent with the application of section 163(j) to a consolidated group of corporations  
44.12 for federal income tax purposes.

44.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
44.14 31, 2017.

44.15 Sec. 63. Minnesota Statutes 2018, section 290.92, subdivision 1, is amended to read:

44.16 Subdivision 1. **Definitions. (1) Wages.** For purposes of this section, the term "wages"  
44.17 means the same as that term is defined in section 3401(a) ~~and~~ (f), and (i) of the Internal  
44.18 Revenue Code.

44.19 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period  
44.20 for which a payment of wages is ordinarily made to the employee by the employee's  
44.21 employer, and the term "miscellaneous payroll period" means a payroll period other than a  
44.22 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll  
44.23 period.

44.24 (3) **Employee.** For purposes of this section the term "employee" means any resident  
44.25 individual performing services for an employer, either within or without, or both within and  
44.26 without the state of Minnesota, and every nonresident individual performing services within  
44.27 the state of Minnesota, the performance of which services constitute, establish, and determine  
44.28 the relationship between the parties as that of employer and employee. As used in the  
44.29 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,  
44.30 employee, or elected official of the United States, a state, or any political subdivision thereof,  
44.31 or the District of Columbia, or any agency or instrumentality of any one or more of the  
44.32 foregoing.

45.1 (4) **Employer.** For purposes of this section the term "employer" means any person,  
45.2 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,  
45.3 and corporations transacting business in or deriving any income from sources within the  
45.4 state of Minnesota for whom an individual performs or performed any service, of whatever  
45.5 nature, as the employee of such person, except that if the person for whom the individual  
45.6 performs or performed the services does not have control of the payment of the wages for  
45.7 such services, the term "employer," except for purposes of paragraph (1), means the person  
45.8 having control of the payment of such wages. As used in the preceding sentence, the term  
45.9 "employer" includes any corporation, individual, estate, trust, or organization which is  
45.10 exempt from taxation under section 290.05 and further includes, but is not limited to, officers  
45.11 of corporations who have control, either individually or jointly with another or others, of  
45.12 the payment of the wages.

45.13 (5) **Number of withholding exemptions claimed.** For purposes of this section, the term  
45.14 "number of withholding exemptions claimed" means the number of withholding exemptions  
45.15 claimed in a withholding exemption certificate in effect under subdivision 5, except that if  
45.16 no such certificate is in effect, the number of withholding exemptions claimed shall be  
45.17 considered to be zero.

45.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
45.19 31, 2018.

45.20 Sec. 64. Minnesota Statutes 2018, section 290.92, subdivision 5, is amended to read:

45.21 Subd. 5. **Exemptions.** (1) **Entitlement.** An employee receiving wages shall on any day  
45.22 be entitled to claim withholding exemptions in a number not to exceed the number of  
45.23 withholding exemptions that the employee claims and that are allowable pursuant to section  
45.24 3402(f)(1), (m), and (n) of the Internal Revenue Code for federal withholding purposes,  
45.25 except:

45.26 (i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal  
45.27 Revenue Code shall be the amount calculated under section 290.0123, subdivision 1; and

45.28 (ii) the exemption amount for the purposes of section 3402(f)(1)(A) of the Internal  
45.29 Revenue Code shall be the amount calculated under section 290.0121, subdivision 1.

45.30 (2) **Withholding exemption certificate.** The provisions concerning exemption certificates  
45.31 contained in section 3402(f)(2) and (3) of the Internal Revenue Code shall apply.

45.32 (3) **Form of certificate.** Withholding exemption certificates shall be in such form and  
45.33 contain such information as the commissioner may by rule prescribe.

46.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
46.2 31, 2018.

46.3 Sec. 65. **[290.993] SPECIAL LIMITED ADJUSTMENT.**

46.4 (a) For an individual income taxpayer subject to tax under section 290.06, subdivision  
46.5 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision  
46.6 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the  
46.7 following special rules apply:

46.8 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an  
46.9 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual  
46.10 income tax purposes, regardless of the choice made on their federal return; and

46.11 (2) there is an adjustment to tax equal to the difference between the tax calculated under  
46.12 this chapter using the Internal Revenue Code as amended through December 16, 2016, and  
46.13 the tax calculated under this chapter using the Internal Revenue Code amended through  
46.14 December 31, 2018, before the application of credits. The end result must be zero additional  
46.15 tax due or refund.

46.16 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to  
46.17 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,  
46.18 13313, 13502, 13503, 13801, 14101, 14102, 14103, 14202, 14211 through 14215, and  
46.19 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

46.20 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
46.21 after December 31, 2017, and before January 1, 2019.

46.22 Sec. 66. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

46.23 Subd. 3. **Income.** (a) "Income" means the sum of the following:

46.24 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

46.25 (2) the sum of the following amounts to the extent not included in clause (1):

46.26 (i) all nontaxable income;

46.27 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
46.28 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
46.29 carryover allowed under section 469(b) of the Internal Revenue Code;

- 47.1 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
47.2 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
47.3 Code;
- 47.4 (iv) cash public assistance and relief;
- 47.5 (v) any pension or annuity (including railroad retirement benefits, all payments received  
47.6 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
47.7 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
47.8 by the claimant or spouse and which funding payments were excluded from federal adjusted  
47.9 gross income in the years when the payments were made;
- 47.10 (vi) interest received from the federal or a state government or any instrumentality or  
47.11 political subdivision thereof;
- 47.12 (vii) workers' compensation;
- 47.13 (viii) nontaxable strike benefits;
- 47.14 (ix) the gross amounts of payments received in the nature of disability income or sick  
47.15 pay as a result of accident, sickness, or other disability, whether funded through insurance  
47.16 or otherwise;
- 47.17 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
47.18 1986, as amended through December 31, 1995;
- 47.19 (xi) contributions made by the claimant to an individual retirement account, including  
47.20 a qualified voluntary employee contribution; simplified employee pension plan;  
47.21 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
47.22 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
47.23 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
47.24 the claimant and spouse;
- 47.25 (xii) to the extent not included in federal adjusted gross income, distributions received  
47.26 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 47.27 (xiii) nontaxable scholarship or fellowship grants;
- 47.28 (xiv) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~  
47.29 alimony received to the extent not included in the recipient's income;
- 47.30 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
47.31 Code;

48.1 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
48.2 Code; and

48.3 (xvii) the amount deducted for certain expenses of elementary and secondary school  
48.4 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

48.5 In the case of an individual who files an income tax return on a fiscal year basis, the  
48.6 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
48.7 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced  
48.8 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
48.9 or carryforward allowed for the year.

48.10 (b) "Income" does not include:

48.11 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

48.12 (2) amounts of any pension or annuity which was exclusively funded by the claimant  
48.13 or spouse and which funding payments were not excluded from federal adjusted gross  
48.14 income in the years when the payments were made;

48.15 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
48.16 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
48.17 the retirement base amount reduced by the amount of contributions excluded from federal  
48.18 adjusted gross income, but not less than zero;

48.19 (4) surplus food or other relief in kind supplied by a governmental agency;

48.20 (5) relief granted under this chapter;

48.21 (6) child support payments received under a temporary or final decree of dissolution or  
48.22 legal separation; ~~or~~

48.23 (7) restitution payments received by eligible individuals and excludable interest as  
48.24 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
48.25 Public Law 107-16; or

48.26 (8) alimony paid.

48.27 (c) The sum of the following amounts may be subtracted from income:

48.28 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

48.29 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

48.30 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

48.31 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;



49.1 (5) for the claimant's fifth dependent, the exemption amount; and

49.2 (6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or  
49.3 before December 31 of the year for which the taxes were levied or rent paid, the exemption  
49.4 amount.

49.5 (d) For purposes of this subdivision, the following terms have the meanings given:

49.6 (1) "exemption amount" means the exemption amount under section ~~151(d) of the Internal~~  
49.7 ~~Revenue Code~~ 290.0121, subdivision 1, paragraph (b), for the taxable year for which the  
49.8 income is reported;

49.9 (2) "retirement base amount" means the deductible amount for the taxable year for the  
49.10 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for  
49.11 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard  
49.12 to whether the claimant or spouse claimed a deduction; and

49.13 (3) "traditional or Roth style retirement account or plan" means retirement plans under  
49.14 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

49.15 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property  
49.16 taxes payable in 2020 and rent paid in 2019.

49.17 Sec. 67. Minnesota Statutes 2018, section 290A.03, subdivision 12, is amended to read:

49.18 Subd. 12. **Gross rent.** (a) "Gross rent" means rental paid for the right of occupancy, at  
49.19 arm's length, of a homestead, exclusive of charges for any medical services furnished by  
49.20 the landlord as a part of the rental agreement, whether expressly set out in the rental  
49.21 agreement or not.

49.22 (b) The gross rent of a resident of a nursing home or intermediate care facility is \$350  
49.23 per month. The gross rent of a resident of an adult foster care home is \$550 per month.  
49.24 ~~Beginning for rent paid in 2002, The commissioner shall annually adjust for inflation the~~  
49.25 ~~gross rent amounts stated in this paragraph. The adjustment must be made in accordance~~  
49.26 ~~with section 1(f) of the Internal Revenue Code, except that for purposes of this paragraph~~  
49.27 ~~the percentage increase shall be determined from the year ending on June 30, 2001, to the~~  
49.28 ~~year ending on June 30 of the year in which the rent is paid. The commissioner shall round~~  
49.29 ~~the gross rents to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall~~  
49.30 ~~round it up to the next \$10 amount. The determination of the commissioner under this~~  
49.31 ~~paragraph is not a rule under the Administrative Procedure Act as provided in section~~  
49.32 270C.22. The statutory year is 2020.

50.1 (c) If the landlord and tenant have not dealt with each other at arm's length and the  
 50.2 commissioner determines that the gross rent charged was excessive, the commissioner may  
 50.3 adjust the gross rent to a reasonable amount for purposes of this chapter.

50.4 (d) Any amount paid by a claimant residing in property assessed pursuant to section  
 50.5 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from  
 50.6 gross rent for purposes of this chapter. However, property taxes imputed to the homestead  
 50.7 of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead  
 50.8 treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the  
 50.9 term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that  
 50.10 ownership is not in the name of the claimant.

50.11 **EFFECTIVE DATE.** This section is effective for adjustments beginning with refunds  
 50.12 based on rent paid in 2019.

50.13 Sec. 68. Minnesota Statutes 2018, section 290A.03, subdivision 15, is amended to read:

50.14 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue  
 50.15 Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

50.16 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property  
 50.17 taxes payable in 2020 and rent paid in 2019.

50.18 Sec. 69. Minnesota Statutes 2018, section 290A.04, subdivision 4, is amended to read:

50.19 Subd. 4. **Inflation adjustment.** ~~(a) Beginning for property tax refunds payable in calendar~~  
 50.20 ~~year 2002,~~ The commissioner shall annually adjust the dollar amounts of the income  
 50.21 thresholds and the maximum refunds under subdivisions 2 and 2a ~~for inflation.~~ The  
 50.22 ~~commissioner shall make the inflation adjustments in accordance with section 1(f) of the~~  
 50.23 ~~Internal Revenue Code, except that for purposes of this subdivision the percentage increase~~  
 50.24 ~~shall be determined as provided in this subdivision as provided in section 270C.22. The~~  
 50.25 statutory year is 2020.

50.26 ~~(b) In adjusting the dollar amounts of the income thresholds and the maximum refunds~~  
 50.27 ~~under subdivision 2 for inflation, the percentage increase shall be determined from the year~~  
 50.28 ~~ending on June 30, 2013, to the year ending on June 30 of the year preceding that in which~~  
 50.29 ~~the refund is payable.~~

50.30 ~~(c) In adjusting the dollar amounts of the income thresholds and the maximum refunds~~  
 50.31 ~~under subdivision 2a for inflation, the percentage increase shall be determined from the~~

51.1 ~~year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in~~  
51.2 ~~which the refund is payable.~~

51.3 ~~(d) The commissioner shall use the appropriate percentage increase to annually adjust~~  
51.4 ~~the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation~~  
51.5 ~~without regard to whether or not the income tax brackets are adjusted for inflation in that~~  
51.6 ~~year. The commissioner shall round the thresholds and the maximum amounts, as adjusted~~  
51.7 ~~to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to~~  
51.8 ~~the next \$10 amount.~~

51.9 ~~(e) The commissioner shall annually announce the adjusted refund schedule at the same~~  
51.10 ~~time provided under section 290.06. The determination of the commissioner under this~~  
51.11 ~~subdivision is not a rule under the Administrative Procedure Act.~~

51.12 **EFFECTIVE DATE.** This section is effective for adjustments for refunds based on  
51.13 rent paid in 2020 and property taxes payable in 2021.

51.14 Sec. 70. Minnesota Statutes 2018, section 291.005, subdivision 1, is amended to read:

51.15 Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms  
51.16 used in this chapter shall have the following meanings:

51.17 (1) "Commissioner" means the commissioner of revenue or any person to whom the  
51.18 commissioner has delegated functions under this chapter.

51.19 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued  
51.20 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,  
51.21 increased by the value of any property in which the decedent had a qualifying income interest  
51.22 for life and for which an election was made under section 291.03, subdivision 1d, for  
51.23 Minnesota estate tax purposes, but was not made for federal estate tax purposes.

51.24 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,  
51.25 as amended through ~~December 16, 2016~~ December 31, 2018.

51.26 (4) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
51.27 excluding therefrom any property included in the estate which has its situs outside Minnesota,  
51.28 and (b) including any property omitted from the federal gross estate which is includable in  
51.29 the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

51.30 (5) "Nonresident decedent" means an individual whose domicile at the time of death  
51.31 was not in Minnesota.

52.1 (6) "Personal representative" means the executor, administrator or other person appointed  
52.2 by the court to administer and dispose of the property of the decedent. If there is no executor,  
52.3 administrator or other person appointed, qualified, and acting within this state, then any  
52.4 person in actual or constructive possession of any property having a situs in this state which  
52.5 is included in the federal gross estate of the decedent shall be deemed to be a personal  
52.6 representative to the extent of the property and the Minnesota estate tax due with respect  
52.7 to the property.

52.8 (7) "Resident decedent" means an individual whose domicile at the time of death was  
52.9 in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply  
52.10 to determinations of domicile under this chapter.

52.11 (8) "Situs of property" means, with respect to:

52.12 (i) real property, the state or country in which it is located;

52.13 (ii) tangible personal property, the state or country in which it was normally kept or  
52.14 located at the time of the decedent's death or for a gift of tangible personal property within  
52.15 three years of death, the state or country in which it was normally kept or located when the  
52.16 gift was executed;

52.17 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
52.18 Code, owned by a nonresident decedent and that is normally kept or located in this state  
52.19 because it is on loan to an organization, qualifying as exempt from taxation under section  
52.20 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
52.21 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

52.22 (iv) intangible personal property, the state or country in which the decedent was domiciled  
52.23 at death or for a gift of intangible personal property within three years of death, the state or  
52.24 country in which the decedent was domiciled when the gift was executed.

52.25 For a nonresident decedent with an ownership interest in a pass-through entity with  
52.26 assets that include real or tangible personal property, situs of the real or tangible personal  
52.27 property, including qualified works of art, is determined as if the pass-through entity does  
52.28 not exist and the real or tangible personal property is personally owned by the decedent. If  
52.29 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
52.30 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
52.31 share of the pass-through entity.

52.32 (9) "Pass-through entity" includes the following:

53.1 (i) an entity electing S corporation status under section 1362 of the Internal Revenue  
53.2 Code;

53.3 (ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

53.4 (iii) a single-member limited liability company or similar entity, regardless of whether  
53.5 it is taxed as an association or is disregarded for federal income tax purposes under Code  
53.6 of Federal Regulations, title 26, section 301.7701-3; or

53.7 (iv) a trust to the extent the property is ~~includible~~ includable in the decedent's federal  
53.8 gross estate; but excludes

53.9 (v) an entity whose ownership interest securities are traded on an exchange regulated  
53.10 by the Securities and Exchange Commission as a national securities exchange under section  
53.11 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

53.12 **EFFECTIVE DATE.** This section is effective the day following final enactment except  
53.13 the changes incorporated by federal changes are effective retroactively at the same time the  
53.14 changes became effective for federal purposes.

53.15 Sec. 71. Minnesota Statutes 2018, section 297A.68, subdivision 25, is amended to read:

53.16 Subd. 25. **Sale of property used in a trade or business.** (a) The sale of tangible personal  
53.17 property primarily used in a trade or business is exempt if the sale is not made in the normal  
53.18 course of business of selling that kind of property and if one of the following conditions is  
53.19 satisfied:

53.20 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,  
53.21 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended  
53.22 through December 16, 2016;

53.23 (2) the sale is between members of a controlled group as defined in section 1563(a) of  
53.24 the Internal Revenue Code;

53.25 (3) the sale is a sale of farm machinery;

53.26 (4) the sale is a farm auction sale;

53.27 (5) the sale is a sale of substantially all of the assets of a trade or business; or

53.28 (6) the total amount of gross receipts from the sale of trade or business property made  
53.29 during the calendar month of the sale and the preceding 11 calendar months does not exceed  
53.30 \$1,000.

54.1 The use, storage, distribution, or consumption of tangible personal property acquired as  
54.2 a result of a sale exempt under this subdivision is also exempt.

54.3 (b) For purposes of this subdivision, the following terms have the meanings given.

54.4 (1) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially  
54.5 all of the property sold consists of property used in the trade or business of farming and  
54.6 property not used primarily in a trade or business.

54.7 (2) "Trade or business" includes the assets of a separate division, branch, or identifiable  
54.8 segment of a trade or business if, before the sale, the income and expenses attributable to  
54.9 the separate division, branch, or identifiable segment could be separately ascertained from  
54.10 the books of account or record (the lease or rental of an identifiable segment does not qualify  
54.11 for the exemption).

54.12 (3) A "sale of substantially all of the assets of a trade or business" must occur as a single  
54.13 transaction or a series of related transactions within the 12-month period beginning on the  
54.14 date of the first sale of assets intended to qualify for the exemption provided in paragraph  
54.15 (a), clause (5).

54.16 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
54.17 made after December 31, 2017.

54.18 Sec. 72. Minnesota Statutes 2018, section 297B.03, is amended to read:

54.19 **297B.03 EXEMPTIONS.**

54.20 There is specifically exempted from the provisions of this chapter and from computation  
54.21 of the amount of tax imposed by it the following:

54.22 (1) purchase or use, including use under a lease purchase agreement or installment sales  
54.23 contract made pursuant to section 465.71, of any motor vehicle by the United States and its  
54.24 agencies and instrumentalities and by any person described in and subject to the conditions  
54.25 provided in section 297A.67, subdivision 11;

54.26 (2) purchase or use of any motor vehicle by any person who was a resident of another  
54.27 state or country at the time of the purchase and who subsequently becomes a resident of  
54.28 Minnesota, provided the purchase occurred more than 60 days prior to the date such person  
54.29 began residing in the state of Minnesota and the motor vehicle was registered in the person's  
54.30 name in the other state or country;

54.31 (3) purchase or use of any motor vehicle by any person making a valid election to be  
54.32 taxed under the provisions of section 297A.90;

55.1 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota  
55.2 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,  
55.3 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,  
55.4 as amended through December 16, 2016;

55.5 (5) purchase or use of any vehicle owned by a resident of another state and leased to a  
55.6 Minnesota-based private or for-hire carrier for regular use in the transportation of persons  
55.7 or property in interstate commerce provided the vehicle is titled in the state of the owner or  
55.8 secured party, and that state does not impose a sales tax or sales tax on motor vehicles used  
55.9 in interstate commerce;

55.10 (6) purchase or use of a motor vehicle by a private nonprofit or public educational  
55.11 institution for use as an instructional aid in automotive training programs operated by the  
55.12 institution. "Automotive training programs" includes motor vehicle body and mechanical  
55.13 repair courses but does not include driver education programs;

55.14 (7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10  
55.15 when that vehicle is equipped and specifically intended for emergency response or for  
55.16 providing ambulance service;

55.17 (8) purchase of a motor vehicle by or for a public library, as defined in section 134.001,  
55.18 subdivision 2, as a bookmobile or library delivery vehicle;

55.19 (9) purchase of a ready-mixed concrete truck;

55.20 (10) purchase or use of a motor vehicle by a town for use exclusively for road  
55.21 maintenance, including snowplows and dump trucks, but not including automobiles, vans,  
55.22 or pickup trucks;

55.23 (11) purchase or use of a motor vehicle by a corporation, society, association, foundation,  
55.24 or institution organized and operated exclusively for charitable, religious, or educational  
55.25 purposes, except a public school, university, or library, but only if the vehicle is:

55.26 (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
55.27 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
55.28 for carrying more than nine persons including the driver; and

55.29 (ii) intended to be used primarily to transport tangible personal property or individuals,  
55.30 other than employees, to whom the organization provides service in performing its charitable,  
55.31 religious, or educational purpose;

55.32 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide  
55.33 transit service is exempt if the transit provider is either (i) receiving financial assistance or

56.1 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
56.2 473.388, or 473.405;

56.3 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
56.4 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
56.5 garaged in the job opportunity building zone and is primarily used as part of or in direct  
56.6 support of the person's operations carried on in the job opportunity building zone. The  
56.7 exemption under this clause applies to sales, if the purchase was made and delivery received  
56.8 during the duration of the job opportunity building zone. The exemption under this clause  
56.9 also applies to any local sales and use tax;

56.10 (14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own  
56.11 program from a charitable organization that is:

56.12 (i) described in section 501(c)(3) of the Internal Revenue Code; and

56.13 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

56.14 (15) purchase of a motor vehicle used exclusively as a mobile medical unit for the  
56.15 provision of medical or dental services by a federally qualified health center, as defined  
56.16 under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget  
56.17 Reconciliation Act of 1990.

56.18 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
56.19 made after December 31, 2017.

56.20 Sec. 73. Minnesota Statutes 2018, section 462D.06, subdivision 1, is amended to read:

56.21 Subdivision 1. **Subtraction.** (a) As provided in section 290.0132, subdivision 25, an  
56.22 account holder is allowed a subtraction from ~~the federal taxable~~ adjusted gross income equal  
56.23 to interest or dividends earned on the first-time home buyer savings account during the  
56.24 taxable year.

56.25 (b) The subtraction under paragraph (a) is allowed each year for the taxable years  
56.26 including and following the taxable year in which the account was established. No person  
56.27 other than the account holder is allowed a subtraction under this section.

56.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
56.29 31, 2018.



57.1 Sec. 74. Minnesota Statutes 2018, section 462D.06, subdivision 2, is amended to read:

57.2 Subd. 2. **Addition.** (a) As provided in section 290.0131, subdivision 14, an account  
57.3 holder must add to federal ~~taxable~~ adjusted gross income the following amounts:

57.4 (1) the amount in excess of the total contributions for all taxable years that is withdrawn  
57.5 and used for other than eligible costs, or for a transfer permitted under section 462D.04,  
57.6 subdivision 2; and

57.7 (2) the amount remaining in the first-time home buyer savings account at the close of  
57.8 the tenth taxable year that exceeds the total contributions to the account for all taxable years.

57.9 (b) For an account that received a transfer under section 462D.04, subdivision 2, the  
57.10 ten-year period under paragraph (a), clause (2), ends at the close of the earliest taxable year  
57.11 that applies to either account under that clause.

57.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
57.13 31, 2018.

57.14 Sec. 75. Minnesota Statutes 2018, section 469.316, subdivision 1, is amended to read:

57.15 Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business  
57.16 in a job opportunity building zone, and an individual, estate, or trust making a qualifying  
57.17 investment in a qualified business operating in a job opportunity building zone qualifies for  
57.18 the exemptions from taxes imposed under chapter 290, as provided in this section. The  
57.19 exemptions provided under this section apply only to the extent that the income otherwise  
57.20 would be taxable under chapter 290. Subtractions under this section from federal adjusted  
57.21 gross income, federal taxable income, alternative minimum taxable income, or any other  
57.22 base subject to tax are limited to the amount that otherwise would be included in the tax  
57.23 base absent the exemption under this section. This section applies only to taxable years  
57.24 beginning during the duration of the job opportunity building zone.

57.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
57.26 31, 2018.

57.27 Sec. 76. **SPECIAL PROVISION FOR TAX YEAR 2017.**

57.28 Notwithstanding any law to the contrary or other provision of this article, sections 40202  
57.29 and 40203 of Public Law 115-123 shall not apply for the purpose of calculating net income  
57.30 under section 290.01, subdivision 6, for taxable years beginning after December 31, 2016,  
57.31 and before January 1, 2018.

58.1 Sec. 77. **REVISOR INSTRUCTION.**

58.2 The commissioner of revenue must promptly notify the revisor of statutes in writing of  
58.3 the adjusted statutory year amounts for each of the statutory sections that are indexed for  
58.4 inflation under section 270C.22. The revisor shall publish the updated statutory amounts in  
58.5 the 2019 Supplement of Minnesota Statutes.

58.6 Sec. 78. **REPEALER.**

58.7 Minnesota Statutes 2018, sections 290.0131, subdivisions 7, 11, 12, and 13; 290.0132,  
58.8 subdivision 8; 290.0133, subdivisions 13 and 14; and 290.10, subdivision 2, are repealed.

58.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
58.10 31, 2018.

58.11 **ARTICLE 2**58.12 **INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

58.13 Section 1. Minnesota Statutes 2018, section 116J.8737, subdivision 1, is amended to read:

58.14 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have  
58.15 the meanings given.

58.16 (b) "Qualified small business" means a business that has been certified by the  
58.17 commissioner under subdivision 2.

58.18 (c) "Qualified investor" means an investor who has been certified by the commissioner  
58.19 under subdivision 3.

58.20 (d) "Qualified fund" means a pooled angel investment network fund that has been certified  
58.21 by the commissioner under subdivision 4.

58.22 (e) "Qualified investment" means a cash investment in a qualified small business of a  
58.23 minimum of:

58.24 (1) \$10,000 in a calendar year by a qualified investor; ~~or~~

58.25 (2) \$7,500 in a calendar year by a qualified investor in qualified greater Minnesota  
58.26 businesses or minority- or women-owned businesses in Minnesota; or

58.27 ~~(2)~~ (3) \$30,000 in a calendar year by a qualified fund.

58.28 A qualified investment must be made in exchange for common stock, a partnership or  
58.29 membership interest, preferred stock, debt with mandatory conversion to equity, or an  
58.30 equivalent ownership interest as determined by the commissioner.

59.1 (f) "Family" means a family member within the meaning of the Internal Revenue Code,  
59.2 section 267(c)(4).

59.3 (g) "Pass-through entity" means a corporation that for the applicable taxable year is  
59.4 treated as an S corporation or a general partnership, limited partnership, limited liability  
59.5 partnership, trust, or limited liability company and which for the applicable taxable year is  
59.6 not taxed as a corporation under chapter 290.

59.7 (h) "Intern" means a student of an accredited institution of higher education, or a former  
59.8 student who has graduated in the past six months from an accredited institution of higher  
59.9 education, who is employed by a qualified small business in a nonpermanent position for  
59.10 a duration of nine months or less that provides training and experience in the primary  
59.11 business activity of the business.

59.12 (i) "Liquidation event" means a conversion of qualified investment for cash, cash and  
59.13 other consideration, or any other form of equity or debt interest.

59.14 (j) "Qualified greater Minnesota business" means a qualified small business that is also  
59.15 certified by the commissioner as a qualified greater Minnesota business under subdivision  
59.16 2, paragraph (h).

59.17 (k) "Minority group member" means a United States citizen who is Asian, Pacific  
59.18 Islander, Black, Hispanic, or Native American.

59.19 (l) "Minority-owned business" means a business for which one or more minority group  
59.20 members:

59.21 (1) own at least 50 percent of the business, or, in the case of a publicly owned business,  
59.22 own at least 51 percent of the stock; and

59.23 (2) manage the business and control the daily business operations.

59.24 (m) "Women" means persons of the female gender.

59.25 (n) "Women-owned business" means a business for which one or more women:

59.26 (1) own at least 50 percent of the business, or, in the case of a publicly owned business,  
59.27 own at least 51 percent of the stock; and

59.28 (2) manage the business and control the daily business operations.

59.29 (o) "Officer" means a person elected or appointed by the board of directors to manage  
59.30 the daily operations of the qualified small business.

60.1 (p) "Principal" means a person having authority to act on behalf of the qualified small  
60.2 business.

60.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
60.4 31, 2018.

60.5 Sec. 2. Minnesota Statutes 2018, section 116J.8737, subdivision 2, is amended to read:

60.6 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the  
60.7 commissioner for certification as a qualified small business or qualified greater Minnesota  
60.8 small business for a calendar year. The application must be in the form and be made under  
60.9 the procedures specified by the commissioner, accompanied by an application fee of \$150.  
60.10 Application fees are deposited in the small business investment tax credit administration  
60.11 account in the special revenue fund. ~~The application for certification for 2010 must be made~~  
60.12 ~~available on the department's website by August 1, 2010.~~ Applications for subsequent years'  
60.13 certification must be made available on the department's website by November 1 of the  
60.14 preceding year.

60.15 (b) Within 30 days of receiving an application for certification under this subdivision,  
60.16 the commissioner must either certify the business as satisfying the conditions required of a  
60.17 qualified small business or qualified greater Minnesota small business, request additional  
60.18 information from the business, or reject the application for certification. If the commissioner  
60.19 requests additional information from the business, the commissioner must either certify the  
60.20 business or reject the application within 30 days of receiving the additional information. If  
60.21 the commissioner neither certifies the business nor rejects the application within 30 days  
60.22 of receiving the original application or within 30 days of receiving the additional information  
60.23 requested, whichever is later, then the application is deemed rejected, and the commissioner  
60.24 must refund the \$150 application fee. A business that applies for certification and is rejected  
60.25 may reapply.

60.26 (c) To receive certification as a qualified small business, a business must satisfy all of  
60.27 the following conditions:

60.28 (1) the business has its headquarters in Minnesota;

60.29 (2) at least: (i) 51 percent of the business's employees are employed in Minnesota; (ii)  
60.30 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent  
60.31 of the total value of all contractual agreements to which the business is a party in connection  
60.32 with its primary business activity is for services performed under contract in Minnesota,  
60.33 unless the business obtains a waiver under paragraph (i);

61.1 (3) the business is engaged in, or is committed to engage in, innovation in Minnesota in  
61.2 one of the following as its primary business activity:

61.3 (i) using proprietary technology to add value to a product, process, or service in a qualified  
61.4 high-technology field;

61.5 (ii) researching or developing a proprietary product, process, or service in a qualified  
61.6 high-technology field;

61.7 (iii) researching or developing a proprietary product, process, or service in the fields of  
61.8 agriculture, tourism, forestry, mining, manufacturing, or transportation; or

61.9 (iv) researching, developing, or producing a new proprietary technology for use in the  
61.10 fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

61.11 (4) other than the activities specifically listed in clause (3), the business is not engaged  
61.12 in real estate development, insurance, banking, lending, lobbying, political consulting,  
61.13 information technology consulting, wholesale or retail trade, leisure, hospitality,  
61.14 transportation, construction, ethanol production from corn, or professional services provided  
61.15 by attorneys, accountants, business consultants, physicians, or health care consultants;

61.16 (5) the business has fewer than 25 employees;

61.17 (6) the business must pay its employees annual wages of at least 175 percent of the  
61.18 federal poverty guideline for the year for a family of four and must pay its interns annual  
61.19 wages of at least 175 percent of the federal minimum wage used for federally covered  
61.20 employers, except that this requirement must be reduced proportionately for employees and  
61.21 interns who work less than full-time, and does not apply to an executive, officer, or member  
61.22 of the board of the business, or to any employee who owns, controls, or holds power to vote  
61.23 more than 20 percent of the outstanding securities of the business;

61.24 (7) the business has (i) not been in operation for more than ten years, or (ii) not been in  
61.25 operation for more than 20 years if the business is engaged in the research, development,  
61.26 or production of medical devices or pharmaceuticals for which United States Food and Drug  
61.27 Administration approval is required for use in the treatment or diagnosis of a disease or  
61.28 condition;

61.29 (8) the business has not previously received private equity investments of more than  
61.30 \$4,000,000;

61.31 (9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause  
61.32 (3); and

62.1 (10) the business has not issued securities that are traded on a public exchange.

62.2 (d) In applying the limit under paragraph (c), clause (5), the employees in all members  
62.3 of the unitary business, as defined in section 290.17, subdivision 4, must be included.

62.4 (e) In order for a qualified investment in a business to be eligible for tax credits:

62.5 (1) the business must have applied for and received certification for the calendar year  
62.6 in which the investment was made prior to the date on which the qualified investment was  
62.7 made;

62.8 (2) the business must not have issued securities that are traded on a public exchange;

62.9 (3) the business must not issue securities that are traded on a public exchange within  
62.10 180 days after the date on which the qualified investment was made; and

62.11 (4) the business must not have a liquidation event within 180 days after the date on  
62.12 which the qualified investment was made.

62.13 (f) The commissioner must maintain a list of qualified small businesses and qualified  
62.14 greater Minnesota businesses certified under this subdivision for the calendar year and make  
62.15 the list accessible to the public on the department's website.

62.16 (g) For purposes of this subdivision, the following terms have the meanings given:

62.17 (1) "qualified high-technology field" includes aerospace, agricultural processing,  
62.18 renewable energy, energy efficiency and conservation, environmental engineering, food  
62.19 technology, cellulosic ethanol, information technology, materials science technology,  
62.20 nanotechnology, telecommunications, biotechnology, medical device products,  
62.21 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

62.22 (2) "proprietary technology" means the technical innovations that are unique and legally  
62.23 owned or licensed by a business and includes, without limitation, those innovations that are  
62.24 patented, patent pending, a subject of trade secrets, or copyrighted; and

62.25 (3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan  
62.26 area as defined in section 473.121, subdivision 2.

62.27 (h) To receive certification as a qualified greater Minnesota business, a business must  
62.28 satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

62.29 (1) the business has its headquarters in greater Minnesota; and

62.30 (2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota;  
62.31 (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and

63.1 (iii) 51 percent of the total value of all contractual agreements to which the business is a  
63.2 party in connection with its primary business activity is for services performed under contract  
63.3 in greater Minnesota, unless the business obtains a waiver under paragraph (i).

63.4 (i) The commissioner must exempt a business from the requirement under paragraph  
63.5 (c), clause (2), item (iii), if the business certifies to the commissioner that the services  
63.6 required under a contract in connection with the primary business activity cannot be  
63.7 performed in Minnesota if the business otherwise qualifies as a qualified small business, or  
63.8 in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota  
63.9 business. The business must submit the certification required under this paragraph every  
63.10 six months from the month the exemption was granted. The exemption allowed under this  
63.11 paragraph must be submitted in a form and manner prescribed by the commissioner.

63.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
63.13 31, 2018.

63.14 Sec. 3. Minnesota Statutes 2018, section 116J.8737, subdivision 3, is amended to read:

63.15 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the  
63.16 commissioner for certification as a qualified investor for a taxable year. The application  
63.17 must be in the form and be made under the procedures specified by the commissioner,  
63.18 accompanied by an application fee of \$350. Application fees are deposited in the small  
63.19 business investment tax credit administration account in the special revenue fund. ~~The~~  
63.20 ~~application for certification for 2010 must be made available on the department's website~~  
63.21 ~~by August 1, 2010.~~ Applications for subsequent years' certification must be made available  
63.22 on the department's website by November 1 of the preceding year.

63.23 (b) Within 30 days of receiving an application for certification under this subdivision,  
63.24 the commissioner must either certify the investor as satisfying the conditions required of a  
63.25 qualified investor, request additional information from the investor, or reject the application  
63.26 for certification. If the commissioner requests additional information from the investor, the  
63.27 commissioner must either certify the investor or reject the application within 30 days of  
63.28 receiving the additional information. If the commissioner neither certifies the investor nor  
63.29 rejects the application within 30 days of receiving the original application or within 30 days  
63.30 of receiving the additional information requested, whichever is later, then the application  
63.31 is deemed rejected, and the commissioner must refund the \$350 application fee. An investor  
63.32 who applies for certification and is rejected may reapply.

63.33 (c) To receive certification, an investor must (1) be a natural person; and (2) certify to  
63.34 the commissioner that the investor will only invest in a transaction that is exempt under

64.1 section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a  
64.2 security registered under section 80A.50, paragraph (b).

64.3 (d) In order for a qualified investment in a qualified small business to be eligible for tax  
64.4 credits, a qualified investor who makes the investment must have applied for and received  
64.5 certification for the calendar year prior to making the qualified investment, except in the  
64.6 case of an investor who is not an accredited investor, within the meaning of Regulation D  
64.7 of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section  
64.8 230.501, paragraph (a), application for certification may be made within 30 days after  
64.9 making the qualified investment.

64.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
64.11 31, 2018.

64.12 Sec. 4. Minnesota Statutes 2018, section 116J.8737, subdivision 4, is amended to read:

64.13 Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the  
64.14 commissioner for certification as a qualified fund for a calendar year. The application must  
64.15 be in the form and be made under the procedures specified by the commissioner, accompanied  
64.16 by an application fee of \$1,000. Application fees are deposited in the small business  
64.17 investment tax credit administration account in the special revenue fund. ~~The application~~  
64.18 ~~for certification for 2010 of qualified funds must be made available on the department's~~  
64.19 ~~website by August 1, 2010.~~ Applications for subsequent years' certification must be made  
64.20 available by November 1 of the preceding year.

64.21 (b) Within 30 days of receiving an application for certification under this subdivision,  
64.22 the commissioner must either certify the fund as satisfying the conditions required of a  
64.23 qualified fund, request additional information from the fund, or reject the application for  
64.24 certification. If the commissioner requests additional information from the fund, the  
64.25 commissioner must either certify the fund or reject the application within 30 days of receiving  
64.26 the additional information. If the commissioner neither certifies the fund nor rejects the  
64.27 application within 30 days of receiving the original application or within 30 days of receiving  
64.28 the additional information requested, whichever is later, then the application is deemed  
64.29 rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies  
64.30 for certification and is rejected may reapply.

64.31 (c) To receive certification, a fund must:

64.32 (1) invest or intend to invest in qualified small businesses;

64.33 (2) be organized as a pass-through entity; and



65.1 (3) have at least three separate investors, of whom at least three whose investment is  
65.2 made in the certified business and who seek a tax credit allocation satisfy the conditions in  
65.3 subdivision 3, paragraph (c).

65.4 (d) Investments in the fund may consist of equity investments or notes that pay interest  
65.5 or other fixed amounts, or any combination of both.

65.6 (e) In order for a qualified investment in a qualified small business to be eligible for tax  
65.7 credits, a qualified fund that makes the investment must have applied for and received  
65.8 certification for the calendar year prior to making the qualified investment.

65.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
65.10 31, 2018.

65.11 Sec. 5. Minnesota Statutes 2018, section 116J.8737, subdivision 5, is amended to read:

65.12 Subd. 5. **Credit allowed.** (a)~~(1)~~ A qualified investor or qualified fund is eligible for a  
65.13 credit equal to 25 percent of the qualified investment in a qualified small business.  
65.14 Investments made by a pass-through entity qualify for a credit only if the entity is a qualified  
65.15 fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$10,000,000 in credits  
65.16 to qualified investors or qualified funds for taxable years beginning after December 31,  
65.17 ~~2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits~~  
65.18 ~~to qualified investors or qualified funds for taxable years beginning after December 31,~~  
65.19 ~~2016, and before January 1, 2018; and (2) for taxable years beginning after December 31,~~  
65.20 ~~2014, and before January 1, 2018, and before January 1, 2021.~~ For each taxable year, 50  
65.21 percent must be allocated to credits for qualifying investments in qualified greater Minnesota  
65.22 businesses and minority- or women-owned qualified small businesses in Minnesota. Any  
65.23 portion of a taxable year's credits that is reserved for qualifying investments in greater  
65.24 Minnesota businesses and minority- or women-owned qualified small businesses in  
65.25 Minnesota that is not allocated by September 30 of the taxable year is available for allocation  
65.26 to other credit applications beginning on October 1. Any portion of a taxable year's credits  
65.27 that is not allocated by the commissioner does not cancel and may be carried forward to  
65.28 subsequent taxable years until all credits have been allocated.

65.29 (b) The commissioner may not allocate more than a total maximum amount in credits  
65.30 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
65.31 as an individual qualified investor and as an investor in a qualified fund; for married couples  
65.32 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
65.33 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
65.34 over all taxable years for qualified investments in any one qualified small business.

66.1 (c) The commissioner may not allocate a credit to a qualified investor either as an  
66.2 individual qualified investor or as an investor in a qualified fund if, at the time the investment  
66.3 is proposed:

66.4 (1) the investor is an officer or principal of the qualified small business; or

66.5 (2) the investor, either individually or in combination with one or more members of the  
66.6 investor's family, owns, controls, or holds the power to vote 20 percent or more of the  
66.7 outstanding securities of the qualified small business.

66.8 A member of the family of an individual disqualified by this paragraph is not eligible for a  
66.9 credit under this section. For a married couple filing a joint return, the limitations in this  
66.10 paragraph apply collectively to the investor and spouse. For purposes of determining the  
66.11 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
66.12 267(e) of the Internal Revenue Code apply.

66.13 (d) Applications for tax credits for 2010 must be made available on the department's  
66.14 website by September 1, 2010, and the department must begin accepting applications by  
66.15 September 1, 2010. Applications for subsequent years must be made available by November  
66.16 1 of the preceding year.

66.17 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
66.18 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
66.19 tax credit request applications are filed with the department. The commissioner must approve  
66.20 or reject tax credit request applications within 15 days of receiving the application. The  
66.21 investment specified in the application must be made within 60 days of the allocation of  
66.22 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
66.23 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
66.24 specified in the application, within 60 days of allocation of the credits, must notify the  
66.25 commissioner of the failure to invest within five business days of the expiration of the  
66.26 60-day investment period.

66.27 (f) All tax credit request applications filed with the department on the same day must  
66.28 be treated as having been filed contemporaneously. If two or more qualified investors or  
66.29 qualified funds file tax credit request applications on the same day, and the aggregate amount  
66.30 of credit allocation claims exceeds the aggregate limit of credits under this section or the  
66.31 lesser amount of credits that remain unallocated on that day, then the credits must be allocated  
66.32 among the qualified investors or qualified funds who filed on that day on a pro rata basis  
66.33 with respect to the amounts claimed. The pro rata allocation for any one qualified investor  
66.34 or qualified fund is the product obtained by multiplying a fraction, the numerator of which

67.1 is the amount of the credit allocation claim filed on behalf of a qualified investor and the  
67.2 denominator of which is the total of all credit allocation claims filed on behalf of all  
67.3 applicants on that day, by the amount of credits that remain unallocated on that day for the  
67.4 taxable year.

67.5 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
67.6 behalf, must notify the commissioner when an investment for which credits were allocated  
67.7 has been made, and the taxable year in which the investment was made. A qualified fund  
67.8 must also provide the commissioner with a statement indicating the amount invested by  
67.9 each investor in the qualified fund based on each investor's share of the assets of the qualified  
67.10 fund at the time of the qualified investment. After receiving notification that the investment  
67.11 was made, the commissioner must issue credit certificates for the taxable year in which the  
67.12 investment was made to the qualified investor or, for an investment made by a qualified  
67.13 fund, to each qualified investor who is an investor in the fund. The certificate must state  
67.14 that the credit is subject to revocation if the qualified investor or qualified fund does not  
67.15 hold the investment in the qualified small business for at least three years, consisting of the  
67.16 calendar year in which the investment was made and the two following years. The three-year  
67.17 holding period does not apply if:

67.18 (1) the investment by the qualified investor or qualified fund becomes worthless before  
67.19 the end of the three-year period;

67.20 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
67.21 of the three-year period;

67.22 (3) the qualified small business is sold before the end of the three-year period;

67.23 (4) the qualified small business's common stock begins trading on a public exchange  
67.24 before the end of the three-year period; or

67.25 (5) the qualified investor dies before the end of the three-year period.

67.26 (h) The commissioner must notify the commissioner of revenue of credit certificates  
67.27 issued under this section.

67.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
67.29 31, 2018.

67.30 Sec. 6. Minnesota Statutes 2018, section 116J.8737, subdivision 6, is amended to read:

67.31 Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business  
67.32 that received an investment that qualified for a credit, and each qualified investor and

68.1 qualified fund that made an investment that qualified for a credit, must submit an annual  
68.2 report to the commissioner and pay a filing fee of \$100 as required under this subdivision.  
68.3 Each qualified investor and qualified fund must submit reports for three years following  
68.4 each year in which it made an investment that qualified for a credit, and each qualified small  
68.5 business must submit reports for five years following the year in which it received an  
68.6 investment qualifying for a credit. Reports must be made in the form required by the  
68.7 commissioner. All filing fees collected are deposited in the small business investment tax  
68.8 credit administration account in the special revenue fund.

68.9 (b) A report from a qualified small business must certify that the business satisfies the  
68.10 following requirements:

68.11 (1) the business has its headquarters in Minnesota;

68.12 (2) at least 51 percent of the business's employees are employed in Minnesota, and 51  
68.13 percent of the business's total payroll is paid or incurred in the state;

68.14 (3) that the business is engaged in, or is committed to engage in, innovation in Minnesota  
68.15 as defined under subdivision 2; and

68.16 (4) that the business meets the payroll requirements in subdivision 2, paragraph (c),  
68.17 clause (6).

68.18 (c) Reports from qualified investors must certify that the investor remains invested in  
68.19 the qualified small business as required by subdivision 5, paragraph (g).

68.20 (d) Reports from qualified funds must certify that the fund remains invested in the  
68.21 qualified small business as required by subdivision 5, paragraph (g).

68.22 (e) A qualified small business that ceases all operations and becomes insolvent must file  
68.23 a final annual report in the form required by the commissioner documenting its insolvency.  
68.24 In following years the business is exempt from the annual reporting requirement, the report  
68.25 filing fee, and the fine for failure to file a report.

68.26 (f) A qualified small business, qualified investor, or qualified fund that fails to file an  
68.27 annual report by February 1 as required under this subdivision is subject to a ~~\$500~~ \$100  
68.28 fine.

68.29 (g) A qualified investor or qualified fund that fails to file an annual report by April 1  
68.30 may, at the commissioner's discretion, have any credit allocated and certified to the investor  
68.31 or fund revoked and such credit must be repaid by the investor.

69.1 (h) A qualified business that fails to file an annual report by April 1 may, at the  
69.2 commissioner's discretion, be subject to the credit repayment provisions in subdivision 7,  
69.3 paragraph (b).

69.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
69.5 31, 2018.

69.6 Sec. 7. Minnesota Statutes 2018, section 116J.8737, subdivision 12, is amended to read:

69.7 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,  
69.8 ~~2017~~ 2020, except that reporting requirements under subdivision 6 and revocation of credits  
69.9 under subdivision 7 remain in effect through ~~2019~~ 2022 for qualified investors and qualified  
69.10 funds, and through ~~2021~~ 2024 for qualified small businesses, reporting requirements under  
69.11 subdivision 9 remain in effect through ~~2022~~ 2020, and the appropriation in subdivision 11  
69.12 remains in effect through ~~2021~~ 2024.

69.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
69.14 31, 2018.

69.15 Sec. 8. Minnesota Statutes 2018, section 270C.13, subdivision 2, is amended to read:

69.16 Subd. 2. **Bill analyses.** At the request of the chair or ranking minority member of the  
69.17 house of representatives Tax Committee or the senate Committee on Taxes and Tax Laws,  
69.18 the commissioner shall prepare an incidence impact analysis of a bill or a proposal to change  
69.19 the tax system which increases, decreases, or redistributes taxes by more than \$20,000,000.  
69.20 To the extent data is available on the changes in the distribution of the tax burden that are  
69.21 affected by the bill or proposal, the analysis shall report on the incidence effects that would  
69.22 result if the bill were enacted. The report may present information using systemwide  
69.23 measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics,  
69.24 or other relevant categories. The report may include analyses of the effect of the bill or  
69.25 proposal on representative taxpayers. The analysis must include a statement of the incidence  
69.26 assumptions that were used in computing the burdens. For purposes of this subdivision,  
69.27 "ranking minority member" means the ranking minority member from the largest minority  
69.28 party in the body.

69.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

70.1 Sec. 9. Minnesota Statutes 2018, section 289A.10, subdivision 1, is amended to read:

70.2 Subdivision 1. **Return required.** (a) In the case of a decedent who has an interest in  
70.3 property with a situs in Minnesota, the personal representative must submit a Minnesota  
70.4 estate tax return to the commissioner, on a form prescribed by the commissioner, if:

70.5 (1) a federal estate tax return is required to be filed; or

70.6 (2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in  
70.7 section 2001(b) of the Internal Revenue Code, made within three years of the date of the  
70.8 decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for~~  
70.9 ~~estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;~~  
70.10 ~~\$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying~~  
70.11 ~~in 2018; and \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates~~  
70.12 ~~of decedents dying in 2020~~ and thereafter.

70.13 (b) The return must contain a computation of the Minnesota estate tax due. The return  
70.14 must be signed by the personal representative.

70.15 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
70.16 dying in 2019 and thereafter.

70.17 Sec. 10. Minnesota Statutes 2018, section 290.01, subdivision 4a, is amended to read:

70.18 Subd. 4a. **Financial institution.** (a) "Financial institution" means:

70.19 (1) any corporation or other business entity registered (i) under state law as a bank  
70.20 holding company; (ii) under the federal Bank Holding Company Act of 1956, as amended;  
70.21 or (iii) as a savings and loan holding company under the federal National Housing Act, as  
70.22 amended;

70.23 (2) a national bank organized and existing as a national bank association pursuant to the  
70.24 provisions of United States Code, title 12, chapter 2;

70.25 (3) a savings association or federal savings bank as defined in United States Code, title  
70.26 12, section 1813(b)(1);

70.27 (4) any bank or thrift institution incorporated or organized under the laws of any state;

70.28 (5) any corporation organized under United States Code, title 12, sections 611 to 631;

70.29 (6) any agency or branch of a foreign depository as defined under United States Code,  
70.30 title 12, section 3101;

71.1 (7) any corporation or other business entity that is more than 50 percent owned, directly  
71.2 or indirectly, by any person or business entity described in clauses (1) to (6), other than an  
71.3 insurance company taxable under chapter 297I;

71.4 (8) a corporation or other business entity that derives more than 50 percent of its total  
71.5 gross income for financial accounting purposes from finance leases. For the purposes of  
71.6 this clause, "gross income" means the average from the current tax year and immediately  
71.7 preceding two years and excludes gross income from incidental or occasional transactions.  
71.8 For purposes of this clause, "finance lease" means any lease transaction that is the functional  
71.9 equivalent of an extension of credit and that transfers substantially all the benefits and risks  
71.10 incident to the ownership of property, including any direct financing lease or leverage lease  
71.11 that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting  
71.12 for leases, or any other lease that is accounted for as financing by a lessor under generally  
71.13 accepted accounting principles; or

71.14 (9) any other person or business entity, other than an insurance company ~~taxable under~~  
71.15 ~~chapter 297I~~, that derives more than 50 percent of its gross income from activities that an  
71.16 entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this  
71.17 clause, gross income does not include income from nonrecurring, extraordinary items.

71.18 (b) The commissioner is authorized to exclude any person from the application of  
71.19 paragraph (a), clause (9), if the person proves by clear and convincing evidence that the  
71.20 person's income-producing activity is not in substantial competition with any person described  
71.21 in paragraph (a), clauses (2) to (6) or (8).

71.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
71.23 after December 31, 2016.

71.24 Sec. 11. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to  
71.25 read:

71.26 **Subd. 5c. Disqualified captive insurance company.** (a) "Captive insurance company"  
71.27 means a company that:

71.28 (1) is licensed as a captive insurance company under the laws of any state or foreign  
71.29 country; or

71.30 (2) derives less than 50 percent of its total premiums for the taxable year from sources  
71.31 outside of the unitary business, as that term is used in section 290.17.

71.32 (b) A captive insurance company is a "disqualified captive insurance company" if the  
71.33 company:

72.1 (1) pays less than 0.5 percent of its total premiums for the taxable year in tax under  
72.2 chapter 297I or a comparable tax of another state; or

72.3 (2) receives less than 50 percent of its gross receipts for the taxable year from premiums.

72.4 (c) For purposes of this subdivision, "premiums" means amounts paid for arrangements  
72.5 that constitute insurance for federal income tax purposes, but excludes return premiums,  
72.6 premiums for reinsurance assumed from other insurance companies, and any other premiums  
72.7 that are or would be exempt from taxation under section 297I.05 as a result of their type or  
72.8 character, if the insurance was for business in Minnesota.

72.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
72.10 after December 31, 2016.

72.11 Sec. 12. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

72.12 Subd. 26. **Social Security benefits.** (a) A portion of taxable Social Security benefits is  
72.13 allowed as a subtraction. The subtraction equals the lesser of taxable Social Security benefits  
72.14 or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).

72.15 (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
72.16 subtraction equals ~~\$4,500~~ \$6,000. The maximum subtraction is reduced by 20 percent of  
72.17 provisional income over ~~\$77,000~~ \$74,000. In no case is the subtraction less than zero.

72.18 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~  
72.19 \$4,500. The maximum subtraction is reduced by 20 percent of provisional income over  
72.20 ~~\$60,200~~ \$58,700. In no case is the subtraction less than zero.

72.21 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~  
72.22 \$3,000. The maximum subtraction is reduced by 20 percent of provisional income over  
72.23 ~~\$38,500~~ \$37,000. In no case is the subtraction less than zero.

72.24 (e) For purposes of this subdivision, "provisional income" means modified adjusted  
72.25 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of  
72.26 the taxable Social Security benefits received during the taxable year, and "Social Security  
72.27 benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

72.28 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
72.29 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section  
72.30 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue  
72.31 Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner  
72.32 shall then determine the percentage change from the 12 months ending on August 31, 2016,



73.1 ~~to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12~~  
73.2 ~~months ending on August 31, 2016, to the 12 months ending on August 31 of the year~~  
73.3 ~~preceding the taxable year. The determination of the commissioner pursuant to this~~  
73.4 ~~subdivision must not be considered a rule and is not subject to the Administrative Procedure~~  
73.5 ~~Act contained in chapter 14, including section 14.386 as provided in section 270C.22. The~~  
73.6 statutory year is taxable year 2019. The maximum subtraction and threshold amounts as  
73.7 adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
73.8 is rounded up to the nearest \$10 amount.

73.9 **EFFECTIVE DATE.** (a) The amendments to paragraphs (b), (c), and (d) are effective  
73.10 for taxable years beginning after December 31, 2018.

73.11 (b) The amendments to paragraphs (a) and (e) are effective retroactively for taxable  
73.12 years beginning after December 31, 2017.

73.13 (c) The amendments to paragraph (f) are effective for adjustments beginning with taxable  
73.14 years beginning after December 31, 2019.

73.15 Sec. 13. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
73.16 to read:

73.17 Subd. 27. **Disallowed section 280E expenses; medical cannabis manufacturers.** The  
73.18 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
73.19 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
73.20 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
73.21 Code is a subtraction.

73.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
73.23 31, 2018.

73.24 Sec. 14. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
73.25 to read:

73.26 Subd. 17. **Disallowed section 280E expenses; medical cannabis manufacturers.** The  
73.27 amount of expenses of a medical cannabis manufacturer, as defined under section 152.22,  
73.28 subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37,  
73.29 and not allowed for federal income tax purposes under section 280E of the Internal Revenue  
73.30 Code is a subtraction.

73.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
73.32 31, 2018.

74.1 Sec. 15. Minnesota Statutes 2018, section 290.05, subdivision 1, is amended to read:

74.2 Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts,  
74.3 and organizations shall be exempted from taxation under this chapter, provided that every  
74.4 such person or corporation claiming exemption under this chapter, in whole or in part, must  
74.5 establish to the satisfaction of the commissioner the taxable status of any income or activity:

74.6 (a) corporations, individuals, estates, and trusts engaged in the business of mining or  
74.7 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the  
74.8 mining, production, or refining of which is subject to the occupation tax imposed by section  
74.9 298.01; but if any such corporation, individual, estate, or trust engages in any other business  
74.10 or activity or has income from any property not used in such business it shall be subject to  
74.11 this tax computed on the net income from such property or such other business or activity.  
74.12 Royalty shall not be considered as income from the business of mining or producing iron  
74.13 ore within the meaning of this section;

74.14 (b) the United States of America, the state of Minnesota or any political subdivision of  
74.15 either agencies or instrumentalities, whether engaged in the discharge of governmental or  
74.16 proprietary functions; and

74.17 (c) any insurance company, ~~as defined in section 290.17, subdivision 4, paragraph (j),~~  
74.18 ~~but including any insurance company licensed and domiciled in another state that grants,~~  
74.19 ~~on a reciprocal basis, exemption from retaliatory taxes other than a disqualified captive~~  
74.20 insurance company.

74.21 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
74.22 after December 31, 2016.

74.23 Sec. 16. **[290.055] ADDITIONAL TAX ON CAPITAL GAIN INCOME.**

74.24 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
74.25 the meanings given.

74.26 (b) "Net capital gain" has the meaning given in section 1222 of the Internal Revenue  
74.27 Code.

74.28 (c) "Preferential rate income" means the lesser of:

74.29 (1) a taxpayer's adjusted net capital gain, as defined in section 1(h)(3) of the Internal  
74.30 Revenue Code, but excluding a capital gain resulting from the sale of property classified  
74.31 as 2a property under section 273.13, subdivision 23; or

75.1 (2) the taxpayer's federal taxable income, as defined in section 63 of the Internal Revenue  
 75.2 Code.

75.3 Subd. 2. **Tax imposed; capital gains.** In addition to the taxes imposed under sections  
 75.4 289A.08, subdivision 7, 290.03, and 290.091, an individual, trust, or estate is liable for a  
 75.5 tax equal to three percent of preferential rate income in excess of \$500,000.

75.6 Subd. 3. **Nonresidents.** (a) For an individual who is not a resident for the entire taxable  
 75.7 year, the tax under subdivision 2 is imposed in an amount equal to: (1) the amount calculated  
 75.8 under subdivision 2 for the full year and for all preferential rate income; multiplied by (2)  
 75.9 the Minnesota percentage determined under paragraph (b).

75.10 (b) "Minnesota percentage" equals:

75.11 (1) the sum of the following amounts for the taxable year:

75.12 (i) net capital gain from the sale of real property located in Minnesota and tangible  
 75.13 personal property with a situs in Minnesota on the date of the sale; plus

75.14 (ii) adjusted net capital gain, other than gain included under item (i), received during a  
 75.15 period when the taxpayer was domiciled in Minnesota; divided by

75.16 (2) the total amount of preferential rate income for the taxable year.

75.17 Subd. 4. **Credits for taxes paid to another state.** For purposes of computing the credit  
 75.18 for taxes paid to another state under section 290.06, subdivision 22, if the net long-term  
 75.19 capital gain qualified for an exclusion, deduction, or exemption, in whole or part, from  
 75.20 taxation under the other state's tax, the tax under this section used to calculate the credit  
 75.21 must be reduced by three percent of the dollar amount of the exclusion, deduction, or  
 75.22 exemption amount that applies under the other state's tax.

75.23 **EFFECTIVE DATE.** This section is effective for preferential rate income recognized  
 75.24 in taxable years beginning after December 31, 2018.

75.25 Sec. 17. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

75.26 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
 75.27 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
 75.28 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
 75.29 their taxable net income the following schedule of rates:

75.30 (1) On the first ~~\$35,480~~ \$40,240, 5.35 percent;

75.31 (2) On all over ~~\$35,480~~ \$40,240, but not over ~~\$140,960~~ \$150,900, 7.05 percent;

76.1 (3) On all over ~~\$140,960~~ \$150,900, but not over ~~\$250,000~~ \$273,150, 7.85 percent;

76.2 (4) On all over ~~\$250,000~~ \$273,150, 9.85 percent.

76.3 Married individuals filing separate returns, estates, and trusts must compute their income  
76.4 tax by applying the above rates to their taxable income, except that the income brackets  
76.5 will be one-half of the above amounts after the adjustment required in subdivision 2d.

76.6 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
76.7 computed by applying to taxable net income the following schedule of rates:

76.8 (1) On the first ~~\$24,270~~ \$27,520, 5.35 percent;

76.9 (2) On all over ~~\$24,270~~ \$27,520, but not over ~~\$79,730~~ \$84,990, 7.05 percent;

76.10 (3) On all over ~~\$79,730~~ \$84,990, but not over ~~\$150,000~~ \$163,890, 7.85 percent;

76.11 (4) On all over ~~\$150,000~~ \$163,890, 9.85 percent.

76.12 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
76.13 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
76.14 computed by applying to taxable net income the following schedule of rates:

76.15 (1) On the first ~~\$29,880~~ \$33,880, 5.35 percent;

76.16 (2) On all over ~~\$29,880~~ \$33,880, but not over ~~\$120,070~~ \$128,580, 7.05 percent;

76.17 (3) On all over ~~\$120,070~~ \$128,580, but not over ~~\$200,000~~ \$218,520, 7.85 percent;

76.18 (4) On all over ~~\$200,000~~ \$218,520, 9.85 percent.

76.19 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
76.20 of any individual taxpayer whose taxable net income for the taxable year is less than an  
76.21 amount determined by the commissioner must be computed in accordance with tables  
76.22 prepared and issued by the commissioner of revenue based on income brackets of not more  
76.23 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
76.24 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
76.25 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

76.26 (e) An individual who is not a Minnesota resident for the entire year must compute the  
76.27 individual's Minnesota income tax as provided in this subdivision. After the application of  
76.28 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
76.29 by a fraction in which:

76.30 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
76.31 defined in section 62 of the Internal Revenue Code and increased by the additions required

77.1 under section 290.0131, subdivisions 2 ~~and~~ 6, 8 to 10, and 16, and reduced by the  
 77.2 Minnesota assignable portion of the subtraction for United States government interest under  
 77.3 section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions  
 77.4 9, 10, 14, 15, 17, ~~and~~ 18, and 27, after applying the allocation and assignability provisions  
 77.5 of section 290.081, clause (a), or 290.17; and

77.6 (2) the denominator is the individual's federal adjusted gross income as defined in section  
 77.7 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131,  
 77.8 subdivisions 2 ~~and~~ 6 to 11, 8 to 10, and 16, and reduced by the amounts specified in section  
 77.9 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and~~ 18, and 27.

77.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 77.11 31, 2018.

77.12 Sec. 18. Minnesota Statutes 2018, section 290.0671, subdivision 1, is amended to read:

77.13 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is  
 77.14 allowed a credit against the tax imposed by this chapter equal to a percentage of earned  
 77.15 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the  
 77.16 Internal Revenue Code, except that:

77.17 (1) a taxpayer with no qualifying children who has attained the age of 21, but not attained  
 77.18 age 65 before the close of the taxable year and is otherwise eligible for a credit under section  
 77.19 32 of the Internal Revenue Code may also receive a credit; and

77.20 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal  
 77.21 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted  
 77.22 gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

77.23 (b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.9 percent of the  
 77.24 first ~~\$6,180~~ \$7,150 of earned income. The credit is reduced by ~~2.01~~ 2.0 percent of earned  
 77.25 income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ the phase-out  
 77.26 threshold, but in no case is the credit less than zero.

77.27 (c) For individuals with one qualifying child, the credit equals ~~9.35~~ 9.5 percent of the  
 77.28 first ~~\$11,120~~ \$12,350 of earned income. The credit is reduced by ~~6.02~~ 6.0 percent of earned  
 77.29 income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ the phase-out  
 77.30 threshold, but in no case is the credit less than zero.

77.31 (d) For individuals with two ~~or more~~ qualifying children, the credit equals ~~11~~ 12 percent  
 77.32 of the first ~~\$18,240~~ \$18,450 of earned income. The credit is reduced by ~~10.82~~ 10.5 percent

78.1 of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ the  
78.2 phase-out threshold, but in no case is the credit less than zero.

78.3 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent  
78.4 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income  
78.5 or adjusted gross income, whichever is greater, in excess of the phase-out threshold, but in  
78.6 no case is the credit less than zero.

78.7 (f) For a part-year resident, the credit must be allocated based on the percentage calculated  
78.8 under section 290.06, subdivision 2c, paragraph (e).

78.9 ~~(f)~~ (g) For a person who was a resident for the entire tax year and has earned income  
78.10 not subject to tax under this chapter, including income excluded under section 290.0132,  
78.11 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross  
78.12 income reduced by the earned income not subject to tax under this chapter over federal  
78.13 adjusted gross income. For purposes of this paragraph, the following clauses are not  
78.14 considered "earned income not subject to tax under this chapter":

78.15 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

78.16 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

78.17 (3) income derived from an Indian reservation by an enrolled member of the reservation  
78.18 while living on the reservation.

78.19 ~~(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the~~  
78.20 ~~\$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation~~  
78.21 ~~under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns.~~  
78.22 ~~For tax years beginning after December 31, 2013, the commissioner shall annually adjust~~  
78.23 ~~the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the~~  
78.24 ~~Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted~~  
78.25 ~~for the word "1992." For 2014, the commissioner shall then determine the percent change~~  
78.26 ~~from the 12 months ending on August 31, 2008, to the 12 months ending on August 31,~~  
78.27 ~~2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the~~  
78.28 ~~12 months ending on August 31 of the year preceding the taxable year. The earned income~~  
78.29 ~~thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends~~  
78.30 ~~in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner~~  
78.31 ~~under this subdivision is not a rule under the Administrative Procedure Act.~~

78.32 (h) For the purposes of this section, the phase-out threshold equals:

78.33 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

- 79.1 (2) \$8,730 for all other taxpayers with no qualifying children;
- 79.2 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;
- 79.3 (4) \$22,770 for all other taxpayers with one qualifying child;
- 79.4 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;
- 79.5 (6) \$27,000 for all other taxpayers with two qualifying children;
- 79.6 (7) \$32,840 for married taxpayers filing joint returns with three or more qualifying
- 79.7 children; and
- 79.8 (8) \$27,000 for all other taxpayers with three or more qualifying children.

79.9 (i) The commissioner shall construct tables showing the amount of the credit at various

79.10 income levels and make them available to taxpayers. The tables shall follow the schedule

79.11 contained in this subdivision, except that the commissioner may graduate the transition

79.12 between income brackets.

79.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

79.14 31, 2018.

79.15 Sec. 19. Minnesota Statutes 2018, section 290.0677, subdivision 1a, is amended to read:

79.16 Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is allowed

79.17 a credit against the tax imposed under this chapter for past military service. The credit equals

79.18 \$750. The credit allowed under this subdivision is reduced by ten percent of adjusted gross

79.19 income in excess of ~~\$30,000~~ \$50,000, but in no case is the credit less than zero.

79.20 (b) For a nonresident or a part-year resident, the credit under this subdivision must be

79.21 allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph

79.22 (e).

79.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

79.24 31, 2018.

79.25 Sec. 20. Minnesota Statutes 2018, section 290.0682, subdivision 1, is amended to read:

79.26 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

79.27 the meanings given.

79.28 (b) "Adjusted gross income" means federal adjusted gross income as defined in section

79.29 62 of the Internal Revenue Code.

80.1 (c) "Earned income" has the meaning given in ~~section 32(e) of the Internal Revenue~~  
80.2 ~~Code~~ section 290.0675, subdivision 1, paragraph (b).

80.3 (d) "Eligible individual" means a resident individual with one or more qualified education  
80.4 loans related to an undergraduate or graduate degree program at a postsecondary educational  
80.5 institution.

80.6 (e) "Eligible loan payments" means the amount the eligible individual paid during the  
80.7 taxable year in principal and interest on qualified education loans.

80.8 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary  
80.9 institution eligible for state student aid under section 136A.103 or, if the institution is not  
80.10 located in this state, a public or nonprofit postsecondary institution participating in the  
80.11 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law  
80.12 89-329, as amended.

80.13 (g) "Qualified education loan" has the meaning given in section 221 of the Internal  
80.14 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

80.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
80.16 31, 2018.

80.17 Sec. 21. Minnesota Statutes 2018, section 290.0682, subdivision 2, is amended to read:

80.18 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax  
80.19 due under this chapter.

80.20 (b) The credit for an eligible individual equals the least of:

80.21 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income  
80.22 in excess of \$10,000, but in no case less than zero;

80.23 (2) the earned income for the taxable year of the eligible individual, if any;

80.24 (3) the sum of:

80.25 (i) the interest portion of eligible loan payments made during the taxable year; and

80.26 (ii) ten percent of the original loan amount of all qualified education loans of the eligible  
80.27 individual; or

80.28 (4) \$500.

80.29 (c) For a part-year resident, the credit must be allocated based on the percentage calculated  
80.30 under section 290.06, subdivision 2c, paragraph (e).



81.1 (d) In the case of a married couple, each spouse is eligible for the credit in this section.  
81.2 For the purposes of paragraph (b), for married couples filing joint returns, each spouse's  
81.3 adjusted gross income equals the spouse's percentage share of the couple's earned income,  
81.4 multiplied by the couple's adjusted gross income.

81.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
81.6 31, 2018.

81.7 Sec. 22. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

81.8 Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a  
81.9 credit against the tax imposed by this chapter. The credit is not allowed to an individual  
81.10 who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the  
81.11 Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

81.12 (b) The amount of the credit allowed equals 50 percent of contributions for the taxable  
81.13 year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no  
81.14 case is the credit less than zero.

81.15 (c) For individual filers, the maximum credit is reduced by two percent of adjusted gross  
81.16 income in excess of \$75,000.

81.17 (d) For married couples filing a joint return, the maximum credit is phased out as follows:

81.18 (1) for married couples with adjusted gross income in excess of \$75,000, but not more  
81.19 than ~~\$100,000~~ \$135,000, the maximum credit is reduced by one percent of adjusted gross  
81.20 income in excess of \$75,000 until the maximum credit amount equals \$250; and

81.21 ~~(2) for married couples with adjusted gross income in excess of \$100,000, but not more~~  
81.22 ~~than \$135,000, the maximum credit is \$250; and~~

81.23 ~~(3)~~ (2) for married couples with adjusted gross income in excess of \$135,000, the  
81.24 maximum credit is \$250, reduced by one percent of adjusted gross income in excess of  
81.25 \$135,000.

81.26 (e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum  
81.27 credit must be adjusted for inflation. The commissioner shall adjust the income thresholds  
81.28 by the percentage determined under the provisions of section 1(f) of the Internal Revenue  
81.29 Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992."  
81.30 For 2018, the commissioner shall then determine the percent change from the 12 months  
81.31 ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each  
81.32 subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending

82.1 on August 31 of the year preceding the taxable year. The income thresholds as adjusted for  
82.2 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
82.3 is rounded up to the nearest \$10 amount. The determination of the commissioner under this  
82.4 subdivision is not subject to chapter 14, including section 14.386.

82.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
82.6 31, 2019.

82.7 Sec. 23. Minnesota Statutes 2018, section 290.0685, subdivision 1, is amended to read:

82.8 Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the  
82.9 tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth~~  
82.10 ~~resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this  
82.11 section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child~~  
82.12 ~~would have been a dependent of the taxpayer as defined in section 152 of the Internal~~  
82.13 ~~Revenue Code.~~

82.14 (b) For a ~~nonresident or~~ part-year resident, the credit must be allocated based on the  
82.15 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

82.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
82.17 after December 31, 2015.

82.18 Sec. 24. Minnesota Statutes 2018, section 290.0685, is amended by adding a subdivision  
82.19 to read:

82.20 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the  
82.21 meanings given, unless the context clearly indicates otherwise.

82.22 (b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued  
82.23 by the commissioner of health under section 144.2151 or for a birth occurring in another  
82.24 state or country a similar certificate issued under that state's or country's law.

82.25 (c) "Eligible individual" means an individual who is:

82.26 (1)(i) a resident; or

82.27 (ii) the nonresident spouse of a resident who is a member of armed forces of the United  
82.28 States or the United Nations; and

82.29 (2)(i) the individual listed first as a parent on the certificate of birth; or

82.30 (ii) the individual who gave birth resulting in stillbirth for a birth outside of this state  
82.31 for which no certificate of birth was issued.

83.1 (d) "Stillbirth" means a birth for which a fetal death report would be required under  
83.2 section 144.222, subdivision 1, if the birth occurred in this state.

83.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
83.4 after December 31, 2015.

83.5 Sec. 25. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

83.6 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income"  
83.7 is Minnesota net income as defined in section 290.01, subdivision 19, and includes the  
83.8 adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of  
83.9 the Internal Revenue Code. If a corporation files a separate company Minnesota tax return,  
83.10 the minimum tax must be computed on a separate company basis. If a corporation is part  
83.11 of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis.  
83.12 The following adjustments must be made.

83.13 (1) The portion of the depreciation deduction allowed for federal income tax purposes  
83.14 under section 168(k) of the Internal Revenue Code that is required as an addition under  
83.15 section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable  
83.16 income.

83.17 (2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is  
83.18 allowed as a depreciation deduction in determining alternative minimum taxable income.

83.19 (3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)  
83.20 of the Internal Revenue Code does not apply.

83.21 (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal  
83.22 Revenue Code does not apply.

83.23 (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code  
83.24 does not apply.

83.25 (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal  
83.26 Revenue Code does not apply.

83.27 (7) The tax preference for charitable contributions of appreciated property under section  
83.28 57(a)(6) of the Internal Revenue Code does not apply.

83.29 (8) For purposes of calculating the adjustment for adjusted current earnings in section  
83.30 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it  
83.31 is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable

84.1 income as defined in this subdivision, determined without regard to the adjustment for  
84.2 adjusted current earnings in section 56(g) of the Internal Revenue Code.

84.3 (9) For purposes of determining the amount of adjusted current earnings under section  
84.4 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4)  
84.5 of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up  
84.6 subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of  
84.7 income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision  
84.8 8.

84.9 (10) Alternative minimum taxable income excludes the income from operating in a job  
84.10 opportunity building zone as provided under section 469.317.

84.11 Items of tax preference must not be reduced below zero as a result of the modifications  
84.12 in this subdivision.

84.13 (11) The subtraction for disallowed section 280E expenses under section 290.0134,  
84.14 subdivision 17, is allowed as a deduction in determining alternative minimum taxable  
84.15 income.

84.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
84.17 31, 2018.

84.18 Sec. 26. Minnesota Statutes 2018, section 290.17, subdivision 4, is amended to read:

84.19 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within  
84.20 this state or partly within and partly without this state is part of a unitary business, the entire  
84.21 income of the unitary business is subject to apportionment pursuant to section 290.191.  
84.22 Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is  
84.23 considered to be derived from any particular source and none may be allocated to a particular  
84.24 place except as provided by the applicable apportionment formula. The provisions of this  
84.25 subdivision do not apply to business income subject to subdivision 5, income of an insurance  
84.26 company, or income of an investment company determined under section 290.36.

84.27 (b) The term "unitary business" means business activities or operations which result in  
84.28 a flow of value between them. The term may be applied within a single legal entity or  
84.29 between multiple entities and without regard to whether each entity is a sole proprietorship,  
84.30 a corporation, a partnership or a trust.

84.31 (c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced  
84.32 by centralized management or executive force, centralized purchasing, advertising,  
84.33 accounting, or other controlled interaction, but the absence of these centralized activities

85.1 will not necessarily evidence a nonunitary business. Unity is also presumed when business  
85.2 activities or operations are of mutual benefit, dependent upon or contributory to one another,  
85.3 either individually or as a group.

85.4 (d) Where a business operation conducted in Minnesota is owned by a business entity  
85.5 that carries on business activity outside the state different in kind from that conducted within  
85.6 this state, and the other business is conducted entirely outside the state, it is presumed that  
85.7 the two business operations are unitary in nature, interrelated, connected, and interdependent  
85.8 unless it can be shown to the contrary.

85.9 (e) Unity of ownership does not exist when two or more corporations are involved unless  
85.10 more than 50 percent of the voting stock of each corporation is directly or indirectly owned  
85.11 by a common owner or by common owners, either corporate or noncorporate, or by one or  
85.12 more of the member corporations of the group. For this purpose, the term "voting stock"  
85.13 shall include membership interests of mutual insurance holding companies formed under  
85.14 section 66A.40.

85.15 (f) The net income and apportionment factors under section 290.191 or 290.20 of foreign  
85.16 corporations and other foreign entities, but excluding a disqualified captive insurance  
85.17 company, which are part of a unitary business shall not be included in the net income or  
85.18 the apportionment factors of the unitary business; except that the income and apportionment  
85.19 factors of a foreign entity, other than an entity treated as a C corporation for federal income  
85.20 tax purposes, that are included in the federal taxable income, as defined in section 63 of the  
85.21 Internal Revenue Code as amended through the date named in section 290.01, subdivision  
85.22 19, of a domestic corporation, domestic entity, or individual must be included in determining  
85.23 net income and the factors to be used in the apportionment of net income pursuant to section  
85.24 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on  
85.25 a combined report and which is required to file a return under this chapter shall file on a  
85.26 separate return basis.

85.27 (g) For purposes of determining the net income of a unitary business and the factors to  
85.28 be used in the apportionment of net income pursuant to section 290.191 or 290.20, there  
85.29 must be included only the income and apportionment factors of domestic corporations or  
85.30 other domestic entities that are determined to be part of the unitary business pursuant to this  
85.31 subdivision, notwithstanding that foreign corporations or other foreign entities might be  
85.32 included in the unitary business; except that the income and apportionment factors of a  
85.33 foreign entity, other than an entity treated as a C corporation for federal income tax purposes,  
85.34 that is included in the federal taxable income, as defined in section 63 of the Internal Revenue  
85.35 Code as amended through the date named in section 290.01, subdivision 19, of a domestic

86.1 corporation, domestic entity, or individual must be included in determining net income and  
86.2 the factors to be used in the apportionment of net income pursuant to section 290.191 or  
86.3 290.20.

86.4 (h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary  
86.5 business must file combined reports as the commissioner determines. On the reports, all  
86.6 intercompany transactions between entities included pursuant to paragraph (g) must be  
86.7 eliminated and the entire net income of the unitary business determined in accordance with  
86.8 this subdivision is apportioned among the entities by using each entity's Minnesota factors  
86.9 for apportionment purposes in the numerators of the apportionment formula and the total  
86.10 factors for apportionment purposes of all entities included pursuant to paragraph (g) in the  
86.11 denominators of the apportionment formula. Except as otherwise provided by paragraph  
86.12 (f), all sales of the unitary business made within this state pursuant to section 290.191 or  
86.13 290.20 must be included on the combined report of a corporation or other entity that is a  
86.14 member of the unitary business and is subject to the jurisdiction of this state to impose tax  
86.15 under this chapter.

86.16 (i) If a corporation has been divested from a unitary business and is included in a  
86.17 combined report for a fractional part of the common accounting period of the combined  
86.18 report:

86.19 (1) its income includable in the combined report is its income incurred for that part of  
86.20 the year determined by proration or separate accounting; and

86.21 (2) its sales, property, and payroll included in the apportionment formula must be prorated  
86.22 or accounted for separately.

86.23 (j) For purposes of this subdivision, "insurance company" means an insurance company,  
86.24 as defined in section 290.01, subdivision 5b, that is:

86.25 ~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter~~  
86.26 ~~60A; or~~

86.27 ~~(2) domiciled and licensed to engage in the business of insurance in another state or~~  
86.28 ~~country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that~~  
86.29 ~~does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance~~  
86.30 ~~companies or their agents domiciled in Minnesota.~~

86.31 ~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance~~  
86.32 ~~companies organized in another state or country that result from the fact that an insurance~~  
86.33 ~~company organized in the taxing jurisdiction and doing business in the other jurisdiction is~~

87.1 ~~subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that~~  
87.2 ~~imposed by the taxing jurisdiction upon an insurance company organized in the other state~~  
87.3 ~~or country and doing business to the same extent in the taxing jurisdiction~~ not a disqualified  
87.4 captive insurance company.

87.5 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
87.6 after December 31, 2016.

87.7 Sec. 27. Minnesota Statutes 2018, section 290.191, subdivision 5, is amended to read:

87.8 Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules  
87.9 apply in determining the sales factor.

87.10 (a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary  
87.11 course of the business, except that the following types of income are not included in the  
87.12 sales factor:

87.13 (1) interest;

87.14 (2) dividends;

87.15 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

87.16 (4) sales of property used in the trade or business, except sales of leased property of a  
87.17 type which is regularly sold as well as leased; and

87.18 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
87.19 Code or sales of stock.

87.20 (b) Sales of tangible personal property are made within this state if the property is  
87.21 received by a purchaser at a point within this state, regardless of the f.o.b. point, other  
87.22 conditions of the sale, or the ultimate destination of the property.

87.23 (c) Tangible personal property delivered to a common or contract carrier or foreign  
87.24 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
87.25 regardless of f.o.b. point or other conditions of the sale.

87.26 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented  
87.27 malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by  
87.28 a state or political subdivision to resell this property only within the state of ultimate  
87.29 destination, the sale is made in that state.

88.1 (e) Sales made by or through a corporation that is qualified as a domestic international  
88.2 sales corporation under section 992 of the Internal Revenue Code are not considered to have  
88.3 been made within this state.

88.4 (f) Sales, rents, royalties, and other income in connection with real property is attributed  
88.5 to the state in which the property is located.

88.6 (g) Receipts from the lease or rental of tangible personal property, including finance  
88.7 leases and true leases, must be attributed to this state if the property is located in this state  
88.8 and to other states if the property is not located in this state. Receipts from the lease or rental  
88.9 of moving property including, but not limited to, motor vehicles, rolling stock, aircraft,  
88.10 vessels, or mobile equipment are included in the numerator of the receipts factor to the  
88.11 extent that the property is used in this state. The extent of the use of moving property is  
88.12 determined as follows:

88.13 (1) A motor vehicle is used wholly in the state in which it is registered.

88.14 (2) The extent that rolling stock is used in this state is determined by multiplying the  
88.15 receipts from the lease or rental of the rolling stock by a fraction, the numerator of which  
88.16 is the miles traveled within this state by the leased or rented rolling stock and the denominator  
88.17 of which is the total miles traveled by the leased or rented rolling stock.

88.18 (3) The extent that an aircraft is used in this state is determined by multiplying the  
88.19 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the  
88.20 number of landings of the aircraft in this state and the denominator of which is the total  
88.21 number of landings of the aircraft.

88.22 (4) The extent that a vessel, mobile equipment, or other mobile property is used in the  
88.23 state is determined by multiplying the receipts from the lease or rental of the property by a  
88.24 fraction, the numerator of which is the number of days during the taxable year the property  
88.25 was in this state and the denominator of which is the total days in the taxable year.

88.26 (h) Royalties and other income received for the use of or for the privilege of using  
88.27 intangible property, including patents, know-how, formulas, designs, processes, patterns,  
88.28 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or  
88.29 similar items, must be attributed to the state in which the property is used by the purchaser.  
88.30 If the property is used in more than one state, the royalties or other income must be  
88.31 apportioned to this state pro rata according to the portion of use in this state. If the portion  
88.32 of use in this state cannot be determined, the royalties or other income must be excluded  
88.33 from both the numerator and the denominator. Intangible property is used in this state if the



89.1 purchaser uses the intangible property or the rights therein in the regular course of its business  
89.2 operations in this state, regardless of the location of the purchaser's customers.

89.3 (i) Sales of intangible property are made within the state in which the property is used  
89.4 by the purchaser. If the property is used in more than one state, the sales must be apportioned  
89.5 to this state pro rata according to the portion of use in this state. If the portion of use in this  
89.6 state cannot be determined, the sale must be excluded from both the numerator and the  
89.7 denominator of the sales factor. Intangible property is used in this state if the purchaser used  
89.8 the intangible property in the regular course of its business operations in this state.

89.9 (j) Receipts from the performance of services must be attributed to the state where the  
89.10 services are received. For the purposes of this section, receipts from the performance of  
89.11 services provided to a corporation, partnership, or trust may only be attributed to a state  
89.12 where it has a fixed place of doing business. If the state where the services are received is  
89.13 not readily determinable or is a state where the corporation, partnership, or trust receiving  
89.14 the service does not have a fixed place of doing business, the services shall be deemed to  
89.15 be received at the location of the office of the customer from which the services were ordered  
89.16 in the regular course of the customer's trade or business. If the ordering office cannot be  
89.17 determined, the services shall be deemed to be received at the office of the customer to  
89.18 which the services are billed.

89.19 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from  
89.20 management, distribution, or administrative services performed by a person or corporation  
89.21 ~~or trust~~ for a fund of a person or corporation ~~or trust~~ regulated under United States Code,  
89.22 title 15, ~~sections 80a-1 through 80a-64~~ chapter 2D, subchapter I, must be attributed to the  
89.23 state where the shareholder of the fund resides. Under this paragraph, receipts for services  
89.24 attributed to shareholders are determined on the basis of the ratio of: (1) the average of the  
89.25 outstanding shares in the fund owned by shareholders residing within Minnesota at the  
89.26 beginning and end of each year; and (2) the average of the total number of outstanding  
89.27 shares in the fund at the beginning and end of each year. Residence of the shareholder, in  
89.28 the case of an individual, is determined by the mailing address furnished by the shareholder  
89.29 to the fund. Residence of the shareholder, when the shares are held by an insurance company  
89.30 as a depositor for the insurance company policyholders, is the mailing address of the  
89.31 policyholders. In the case of an insurance company holding the shares as a depositor for  
89.32 the insurance company policyholders, if the mailing address of the policyholders cannot be  
89.33 determined by the taxpayer, the receipts must be excluded from both the numerator and  
89.34 denominator. Residence of other shareholders is the mailing address of the shareholder.

90.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
90.2 31, 2018.

90.3 Sec. 28. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

90.4 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of  
90.5 dividends received by a corporation during the taxable year from another corporation, in  
90.6 which the recipient owns 20 percent or more of the stock, by vote and value, not including  
90.7 stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate  
90.8 stock with respect to which dividends are paid does not constitute the stock in trade of the  
90.9 taxpayer or would not be included in the inventory of the taxpayer, or does not constitute  
90.10 property held by the taxpayer primarily for sale to customers in the ordinary course of the  
90.11 taxpayer's trade or business, or when the trade or business of the taxpayer does not consist  
90.12 principally of the holding of the stocks and the collection of the income and gains therefrom;  
90.13 and

90.14 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in  
90.15 an affiliated company transferred in an overall plan of reorganization and the dividend is  
90.16 eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended  
90.17 through December 31, 1989;

90.18 (ii) the remaining 20 percent of dividends if the dividends are received from a corporation  
90.19 which is subject to tax under section 290.36 and which is a member of an affiliated group  
90.20 of corporations as defined by the Internal Revenue Code and the dividend is eliminated in  
90.21 consolidation under Treasury Department Regulation 1.1502-14(a), as amended through  
90.22 December 31, 1989, or is deducted under an election under section 243(b) of the Internal  
90.23 Revenue Code; or

90.24 (iii) the remaining 20 percent of the dividends if the dividends are received from a  
90.25 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a  
90.26 member of an affiliated group of corporations as defined by the Internal Revenue Code and  
90.27 either: (A) the dividend is eliminated in consolidation under Treasury Regulation  
90.28 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted  
90.29 under an election under section 243(b) of the Internal Revenue Code.

90.30 (b) Seventy percent of dividends received by a corporation during the taxable year from  
90.31 another corporation in which the recipient owns less than 20 percent of the stock, by vote  
90.32 or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code  
90.33 when the corporate stock with respect to which dividends are paid does not constitute the  
90.34 stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily

91.1 for sale to customers in the ordinary course of the taxpayer's trade or business, or when the  
91.2 trade or business of the taxpayer does not consist principally of the holding of the stocks  
91.3 and the collection of income and gain therefrom.

91.4 (c) The dividend deduction provided in this subdivision shall be allowed only with  
91.5 respect to dividends that are included in a corporation's Minnesota taxable net income for  
91.6 the taxable year.

91.7 The dividend deduction provided in this subdivision does not apply to a dividend from  
91.8 a corporation which, for the taxable year of the corporation in which the distribution is made  
91.9 or for the next preceding taxable year of the corporation, is a corporation exempt from tax  
91.10 under section 501 of the Internal Revenue Code.

91.11 The dividend deduction provided in this subdivision does not apply to a dividend received  
91.12 from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

91.13 The dividend deduction provided in this subdivision applies to the amount of regulated  
91.14 investment company dividends only to the extent determined under section 854(b) of the  
91.15 Internal Revenue Code.

91.16 The dividend deduction provided in this subdivision shall not be allowed with respect  
91.17 to any dividend for which a deduction is not allowed under the provisions of section 246(c)  
91.18 or 246A of the Internal Revenue Code.

91.19 (d) If dividends received by a corporation that does not have nexus with Minnesota under  
91.20 the provisions of Public Law 86-272 are included as income on the return of an affiliated  
91.21 corporation permitted or required to file a combined report under section 290.17, subdivision  
91.22 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to  
91.23 whether the trade or business of the corporation consists principally of the holding of stocks  
91.24 and the collection of income and gains therefrom shall be made with reference to the trade  
91.25 or business of the affiliated corporation having a nexus with Minnesota.

91.26 (e) The deduction provided by this subdivision does not apply if the dividends are paid  
91.27 by a FSC as defined in section 922 of the Internal Revenue Code.

91.28 (f) If one or more of the members of the unitary group whose income is included on the  
91.29 combined report received a dividend, the deduction under this subdivision for each member  
91.30 of the unitary business required to file a return under this chapter is the product of: (1) 100  
91.31 percent of the dividends received by members of the group; (2) the percentage allowed  
91.32 pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income  
91.33 apportionable to this state for the taxable year under section 290.191 or 290.20.

92.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 92.2 31, 2018.

92.3 Sec. 29. Minnesota Statutes 2018, section 291.016, subdivision 3, is amended to read:

92.4 Subd. 3. **Subtraction.** ~~(a) For estates of decedents dying after December 31, 2016,~~ A  
 92.5 subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

92.6 (1) the exclusion amount for the year of death under paragraph (b); and

92.7 (2) the lesser of:

92.8 (i) the value of qualified small business property under section 291.03, subdivision 9,  
 92.9 and the value of qualified farm property under section 291.03, subdivision 10; or

92.10 (ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).

92.11 (b) The following exclusion amounts apply for the year of death:

92.12 ~~(1) \$2,100,000 for decedents dying in 2017;~~

92.13 ~~(2) (1) \$2,400,000 for estates of decedents dying in 2018; and~~

92.14 ~~(3) \$2,700,000 for decedents dying in 2019; and~~

92.15 ~~(4) \$3,000,000 for decedents dying in 2020~~ (2) \$2,700,000 for estates of decedents dying  
 92.16 in 2019 and thereafter.

92.17 (c) The subtraction under this subdivision must not reduce the Minnesota taxable estate  
 92.18 to less than zero.

92.19 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 92.20 dying in 2019 and thereafter.

92.21 Sec. 30. **APPLICATION OF SMALL BUSINESS INVESTMENT TAX CREDIT**  
 92.22 **FOR TAXABLE YEAR 2019.**

92.23 Applications for (1) certification as a qualified small business, qualified investor, or  
 92.24 qualified fund under Minnesota Statutes, section 116J.8737, subdivisions 2, 3, and 4, and

92.25 (2) the credit under Minnesota Statutes, section 116J.8737, subdivision 5, for taxable year  
 92.26 2019 must be made available on the Department of Employment and Economic

92.27 Development's website by September 1, 2019. The provisions of Minnesota Statutes, section  
 92.28 116J.8737, generally apply to the taxable year 2019 extension of the credit in sections 1 to

92.29 7.

92.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

93.1 Sec. 31. **STATE HISTORIC STRUCTURE REHABILITATION TAX CREDIT;**  
 93.2 **SPECIAL PROVISION FOR MINNESOTA MUSEUM OF AMERICAN ART.**

93.3 Notwithstanding Minnesota Statutes, section 290.0681, or any law or rule to the contrary,  
 93.4 the rehabilitation of the Minnesota Museum of American Art Center for Creativity facilities,  
 93.5 as described in Laws 2017, First Special Session chapter 8, article 1, section 20, subdivision  
 93.6 21, qualifies for the credit under Minnesota Statutes, section 290.0681, if the project is  
 93.7 consistent with the historic character of the certified structure as determined under section  
 93.8 47 of the Internal Revenue Code. The State Historic Preservation Office of the Department  
 93.9 of Administration must issue the credit certificate for the project to the Minnesota Museum  
 93.10 of American Art or its assignee.

93.11 Sec. 32. **TAX EXPENDITURE STATEMENT OF INTENT.**

93.12 (a) In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose  
 93.13 and goals for the tax expenditures in this article and article 1 are listed in this section.

93.14 (b) The purpose and goal of the tax expenditures in article 1, section 51, and article 2,  
 93.15 sections 13, 14, and 25, is to provide equitable state tax treatment between medical cannabis  
 93.16 manufacturers that are not allowed to deduct their business expenses under the Internal  
 93.17 Revenue Code and manufacturers of other goods who may deduct these expenses.

93.18 (c) The purpose of the tax expenditure under article 2, sections 1 to 7 and 30, is to  
 93.19 encourage investment in innovative small businesses in Minnesota. The goal is to increase  
 93.20 the number of these businesses in the state, the number of people employed by these  
 93.21 businesses in the state, the productivity of these businesses, or the sales of these businesses.

93.22 **ARTICLE 3**

93.23 **SALES AND USE TAXES**

93.24 Section 1. Minnesota Statutes 2018, section 38.27, is amended by adding a subdivision  
 93.25 to read:

93.26 Subd. 4. **Use of a portion of county fair revenues.** A county agricultural society must  
 93.27 annually determine the amount of sales tax savings attributable to section 297A.70,  
 93.28 subdivision 21. If the county agricultural society owns its own fairgrounds, it must use the  
 93.29 amount equal to the sales tax savings to maintain, improve, or expand society owned  
 93.30 buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the  
 93.31 owner of the fairgrounds. An owner that receives a transfer of money under this subdivision

94.1 must use the transferred amount to maintain, improve, and expand entity owned buildings  
94.2 and facilities on the county fairgrounds.

94.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

94.4 Sec. 2. Minnesota Statutes 2018, section 289A.11, is amended by adding a subdivision to  
94.5 read:

94.6 **Subd. 4. Marketplace provider information report.** (a) A marketplace provider required  
94.7 to collect and remit sales and use taxes under section 297A.66 shall file an information  
94.8 report for each calendar quarter containing the information regarding the sales it facilitates  
94.9 for each retailer as required by this section. The report is due on the 30th day following the  
94.10 last day of the most recently completed calendar quarter. The commissioner shall prescribe  
94.11 the content, format, and manner of the information report pursuant to section 270C.03. The  
94.12 report must include each retailer's:

94.13 (1) name, address, and federal employer identification number (FEIN);

94.14 (2) total gross receipts for the period;

94.15 (3) total taxable sales for the period;

94.16 (4) total state sales tax collected and remitted for the period; and

94.17 (5) itemized total of each local sales tax collected and remitted for the period.

94.18 (b) No payment of tax is required to be remitted with the quarterly information report.

94.19 A marketplace provider that fails to file this information report is subject to the penalty  
94.20 imposed under section 289A.60, subdivision 29.

94.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
94.22 30, 2019.

94.23 Sec. 3. Minnesota Statutes 2018, section 289A.60, subdivision 29, is amended to read:

94.24 **Subd. 29. Penalty for failure to file report liquor sales.** In the case of a failure to file  
94.25 an informational report required by section ~~289A.11~~, subdivision 4, or 297A.8155, with the  
94.26 commissioner on or before the ~~date~~ dates prescribed, the person failing to file the report  
94.27 shall pay a penalty of \$500 for each failure. If a failure to file a report is intentional, the  
94.28 penalty shall be \$1,000 for each failure.

94.29 **EFFECTIVE DATE.** This section is effective for reports first due for sales and purchases  
94.30 made after June 30, 2019.

95.1 Sec. 4. Minnesota Statutes 2018, section 297A.66, subdivision 1, is amended to read:

95.2 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution  
95.3 and the laws of the United States, the terms "retailer maintaining a place of business in this  
95.4 state," and "marketplace provider maintaining a place of business in this state," or a similar  
95.5 ~~term,~~ means terms mean a retailer or marketplace provider:

95.6 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an  
95.7 office, place of distribution, sales, storage, or sample room or place, warehouse, or other  
95.8 place of business, including the employment of a resident of this state who works from a  
95.9 home office in this state; or

95.10 (2) having a representative, including, but not limited to, an affiliate, agent, salesperson,  
95.11 canvasser, ~~marketplace provider,~~ solicitor, or other third party operating in this state under  
95.12 the authority of the retailer or marketplace provider, or its subsidiary, for any purpose,  
95.13 including the repairing, selling, delivering, installing, facilitating sales, processing sales, or  
95.14 soliciting of orders for the retailer's or a retailer's goods or services, or the leasing of tangible  
95.15 personal property located in this state, whether the place of business or agent, representative,  
95.16 affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily,  
95.17 or whether or not the retailer or marketplace provider, subsidiary, or affiliate is authorized  
95.18 to do business in this state. ~~A retailer is represented by a marketplace provider in this state~~  
95.19 ~~if the retailer makes sales in this state facilitated by a marketplace provider that maintains~~  
95.20 ~~a place of business in this state.~~

95.21 ~~(b) "Destination of a sale" means the location to which the retailer makes delivery of~~  
95.22 ~~the property sold, or causes the property to be delivered, to the purchaser of the property,~~  
95.23 ~~or to the agent or designee of the purchaser. The delivery may be made by any means,~~  
95.24 ~~including the United States Postal Service or a for-hire carrier.~~

95.25 ~~(c)~~ (b) To the extent allowed by the United States Constitution and the laws of the United  
95.26 States, the terms "retailer not maintaining a place of business in this state," and "marketplace  
95.27 provider not maintaining a place of business in this state," or similar terms mean a retailer  
95.28 or marketplace provider making or facilitating retail sales from outside this state to a  
95.29 destination within this state and not maintaining a place of business in this state as provided  
95.30 in paragraph (a) that engages in the regular or systematic soliciting of sales from potential  
95.31 customers in this state by:

95.32 (1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other  
95.33 written solicitations of business to customers in this state;

95.34 (2) advertisements on billboards or other outdoor advertising in this state;

96.1 (3) advertisements in newspapers published in this state;

96.2 (4) advertisements in trade journals or other periodicals the circulation of which is  
96.3 primarily within this state;

96.4 (5) advertisements in a Minnesota edition of a national or regional publication or a  
96.5 limited regional edition in which this state is included as part of a broader regional or national  
96.6 publication that are not placed in other geographically defined editions of the same issue  
96.7 of the same publication;

96.8 (6) advertisements in regional or national publications in an edition that is not by its  
96.9 contents geographically targeted to Minnesota but is sold over the counter in Minnesota or  
96.10 by subscription to Minnesota residents;

96.11 (7) advertisements broadcast on a radio or television station located in Minnesota; or

96.12 (8) any other solicitation by telephone, computer database, cable, optic, microwave, or  
96.13 any other communication system, including but not limited to a website accessible from  
96.14 within Minnesota.

96.15 The location of independent vendors that provide products or services to a retailer or  
96.16 marketplace provider in connection with a retailer or marketplace provider's solicitation of  
96.17 customers within this state, including such products and services as creation of copy, printing,  
96.18 distribution, and recording is not considered in determining whether the retailer or  
96.19 marketplace provider is required to collect tax. Paragraph (b) must be construed without  
96.20 regard to the state from which distribution of the materials originated or in which they were  
96.21 prepared.

96.22 (c) "Regular or systematic soliciting of sales from potential customers in this state"  
96.23 means the retailer not maintaining a place of business in this state or marketplace provider  
96.24 not maintaining a place of business in this state is engaged in any of the solicitations listed  
96.25 in paragraph (b), and:

96.26 (1) makes or facilitates 200 or more retail sales from outside this state to destinations in  
96.27 this state during the prior 12-month period; or

96.28 (2) makes or facilitates retail sales totaling more than \$100,000 from outside this state  
96.29 to destinations in this state during the prior 12-month period.

96.30 (d) "Marketplace provider" means any person who facilitates a retail sale by a retailer  
96.31 by:



97.1 (1) listing or advertising for sale by the retailer in any forum, tangible personal property,  
97.2 services, or digital goods that are subject to tax under this chapter; and

97.3 (2) either directly or indirectly through agreements or arrangements with third parties  
97.4 collecting payment from the customer and transmitting that payment to the retailer regardless  
97.5 of whether the marketplace provider receives compensation or other consideration in  
97.6 exchange for its services.

97.7 ~~(d) "Total taxable retail sales" means the gross receipts from the sale of all tangible~~  
97.8 ~~goods, services, and digital goods subject to sales and use tax under this chapter.~~

97.9 (e) "Destination of a sale" means the location to which the retailer makes delivery of  
97.10 the property sold, or causes the property to be delivered, to the purchaser of the property,  
97.11 or to the agent or designee of the purchaser. The delivery may be made by any means,  
97.12 including the United States Postal Service or a for-hire carrier.

97.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
97.14 September 30, 2019.

97.15 Sec. 5. Minnesota Statutes 2018, section 297A.66, subdivision 2, is amended to read:

97.16 Subd. 2. ~~Retailer maintaining place of business in this state~~ Collection and remittance  
97.17 requirements for retailers and marketplace providers. (a) Except as provided in paragraph  
97.18 ~~(b)~~ (d), a retailer maintaining a place of business in this state and a retailer not maintaining  
97.19 a place of business in this state who makes retail sales in Minnesota or to a destination in  
97.20 Minnesota shall collect sales and use taxes and remit them to the commissioner under section  
97.21 297A.77 for all retail sales other than those facilitated by a marketplace provider maintaining  
97.22 a place of business in this state or a marketplace provider not maintaining a place of business  
97.23 in this state that is required to collect and remit sales and use taxes under paragraph (b).

97.24 ~~(b) A retailer with total taxable retail sales to customers in this state of less than \$10,000~~  
97.25 ~~in the 12-month period ending on the last day of the most recently completed calendar~~  
97.26 ~~quarter is not required to collect and remit sales tax if it is determined to be a retailer~~  
97.27 ~~maintaining a place of business in the state solely because it made sales through one or more~~  
97.28 ~~marketplace providers. The provisions of this paragraph do not apply to a retailer that is or~~  
97.29 ~~was registered to collect sales and use tax in this state.~~ Except as provided in paragraph (d),  
97.30 a marketplace provider maintaining a place of business in this state and a marketplace  
97.31 provider not maintaining a place of business in this state who facilitates retail sales in  
97.32 Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them  
97.33 to the commissioner under section 297A.77 unless:

98.1 (1) the retailer provides a copy of the retailer's registration to collect sales and use taxes  
98.2 in this state to the marketplace provider; and

98.3 (2) the marketplace provider and retailer agree that the retailer will collect and remit the  
98.4 sales and use taxes on marketplace sales facilitated by the marketplace provider.

98.5 (c) Nothing in paragraph (b) shall be construed to interfere with the ability of a  
98.6 marketplace provider and a retailer to enter into an agreement regarding fulfillment of the  
98.7 requirements of this chapter.

98.8 (d) A retailer not maintaining a place of business in this state and a marketplace provider  
98.9 not maintaining a place of business in this state shall:

98.10 (1) begin collecting and remitting sales and use taxes to the commissioner on the first  
98.11 day of a calendar month occurring no later than 60 days after the retailer or marketplace  
98.12 provider engages in regular or systematic soliciting of sales from potential customers in this  
98.13 state; and

98.14 (2) continue to collect and remit sales and use taxes to the commissioner until at least  
98.15 the last day of the 12th calendar month following the calendar month in which the retailer  
98.16 or marketplace provider began collecting and remitting sales and use taxes under clause  
98.17 (1).

98.18 (e) A retailer not maintaining a place of business in this state and a marketplace provider  
98.19 not maintaining a place of business in this state may cease collecting and remitting sales  
98.20 and use taxes to the commissioner after the period in paragraph (d), clause (2), if the retailer  
98.21 or marketplace provider no longer engages in regular or systematic soliciting of sales from  
98.22 potential customers in this state.

98.23 (f) A retailer or marketplace provider may cease collecting and remitting sales and use  
98.24 taxes under paragraph (e) only after notifying the commissioner that the retailer or  
98.25 marketplace provider is no longer engaged in the regular or systematic soliciting of sales  
98.26 from potential customers in this state. The commissioner shall prescribe the content, format,  
98.27 and manner of the notification pursuant to section 270C.30. If a retailer or marketplace  
98.28 provider subsequently engages in regular or systematic soliciting of sales from potential  
98.29 customers in this state, the retailer shall again comply with the requirements of paragraph  
98.30 (d).

98.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
98.32 September 30, 2019.

99.1 Sec. 6. Minnesota Statutes 2018, section 297A.66, subdivision 3, is amended to read:

99.2 Subd. 3. ~~Retailer not maintaining place of business in this state~~ Marketplace provider  
99.3 liability. ~~(a) To the extent allowed by the United States Constitution and in accordance with~~  
99.4 ~~the terms and conditions of federal remote seller law, a retailer making retail sales from~~  
99.5 ~~outside this state to a destination within this state and not maintaining a place of business~~  
99.6 ~~in this state shall collect sales and use taxes and remit them to the commissioner under~~  
99.7 ~~section 297A.77.~~

99.8 ~~(b) To the extent allowed by the United States Constitution and the laws of the United~~  
99.9 ~~States, a retailer making retail sales from outside this state to a destination within this state~~  
99.10 ~~and not maintaining a place of business in this state shall collect sales and use taxes and~~  
99.11 ~~remit them to the commissioner under section 297A.77, if the retailer engages in the regular~~  
99.12 ~~or systematic soliciting of sales from potential customers in this state by:~~

99.13 ~~(1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other~~  
99.14 ~~written solicitations of business to customers in this state;~~

99.15 ~~(2) display of advertisements on billboards or other outdoor advertising in this state;~~

99.16 ~~(3) advertisements in newspapers published in this state;~~

99.17 ~~(4) advertisements in trade journals or other periodicals the circulation of which is~~  
99.18 ~~primarily within this state;~~

99.19 ~~(5) advertisements in a Minnesota edition of a national or regional publication or a~~  
99.20 ~~limited regional edition in which this state is included as part of a broader regional or national~~  
99.21 ~~publication which are not placed in other geographically defined editions of the same issue~~  
99.22 ~~of the same publication;~~

99.23 ~~(6) advertisements in regional or national publications in an edition which is not by its~~  
99.24 ~~contents geographically targeted to Minnesota but which is sold over the counter in Minnesota~~  
99.25 ~~or by subscription to Minnesota residents;~~

99.26 ~~(7) advertisements broadcast on a radio or television station located in Minnesota; or~~

99.27 ~~(8) any other solicitation by telegraphy, telephone, computer database, cable, optic,~~  
99.28 ~~microwave, or other communication system.~~

99.29 ~~This paragraph must be construed without regard to the state from which distribution~~  
99.30 ~~of the materials originated or in which they were prepared.~~

99.31 ~~(c) The location within or without this state of independent vendors that provide products~~  
99.32 ~~or services to the retailer in connection with its solicitation of customers within this state,~~

100.1 ~~including such products and services as creation of copy, printing, distribution, and recording,~~  
100.2 ~~is not considered in determining whether the retailer is required to collect tax.~~

100.3 ~~(d) A retailer not maintaining a place of business in this state is presumed, subject to~~  
100.4 ~~rebuttal, to be engaged in regular solicitation within this state if it engages in any of the~~  
100.5 ~~activities in paragraph (b) and:~~

100.6 ~~(1) makes 100 or more retail sales from outside this state to destinations in this state~~  
100.7 ~~during a period of 12 consecutive months; or~~

100.8 ~~(2) makes ten or more retail sales totaling more than \$100,000 from outside this state~~  
100.9 ~~to destinations in this state during a period of 12 consecutive months.~~

100.10 (a) A marketplace provider is subject to audit on the retail sales it facilitates if it is  
100.11 required to collect sales and use taxes and remit them to the commissioner under subdivision  
100.12 2, paragraphs (b) and (c).

100.13 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and  
100.14 use taxes to the commissioner if the marketplace provider demonstrates that the error was  
100.15 due to incorrect or insufficient information given to the marketplace provider by the retailer.  
100.16 This paragraph does not apply if the marketplace provider and the marketplace retailer are  
100.17 related as defined in subdivision 4, paragraph (b).

100.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
100.19 September 30, 2019.

100.20 Sec. 7. Minnesota Statutes 2018, section 297A.67, subdivision 28, is amended to read:

100.21 Subd. 28. **Ambulance accessories, supplies, parts, and equipment.** The following  
100.22 sales to or use by an ambulance service licensed under section 144E.10 or a medical response  
100.23 unit or specialized medical response unit registered under section 144E.275 are exempt:

100.24 (1) supplies and equipment used to provide medical care; and

100.25 (2) repair and replacement parts for ambulances and vehicles equipped and specifically  
100.26 intended for emergency response; and

100.27 (3) all accessories, equipment, and supplies used directly in equipping and supplying or  
100.28 resupplying an ambulance or first responder vehicle.

100.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
100.30 30, 2019.

101.1 Sec. 8. Minnesota Statutes 2018, section 297A.67, is amended by adding a subdivision to  
101.2 read:

101.3 Subd. 37. **Certain herbicides.** (a) Purchases of herbicides authorized for use pursuant  
101.4 to an invasive aquatic plant management permit as defined under section 103G.615 are  
101.5 exempt if purchased by:

101.6 (1) a lakeshore property owner;

101.7 (2) an association of lakeshore property owners organized under chapter 317A; or

101.8 (3) a contractor hired by a lakeshore owner or association to provide invasive aquatic  
101.9 plant management under the permit.

101.10 (b) For purposes of this subdivision, "herbicides" means a substance or mixture of  
101.11 substances intended for use as a plant regulator, defoliant, or desiccant that are:

101.12 (1) labeled for use in water;

101.13 (2) registered for use in this state by the Department of Agriculture under section 18B.26;

101.14 and

101.15 (3) listed as one of the herbicides proposed for use on the invasive aquatic plant  
101.16 management permit.

101.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
101.18 30, 2019.

101.19 Sec. 9. Minnesota Statutes 2018, section 297A.68, subdivision 29, is amended to read:

101.20 Subd. 29. **Prizes.** (a) Tangible personal property that will be given as prizes to players  
101.21 in games of skill or chance is exempt if:

101.22 (1) the games are conducted at events such as community festivals, fairs, and carnivals  
101.23 and if the events last less than six days; or

101.24 (2) the property is awarded as prizes in connection with lawful gambling as defined in  
101.25 section 349.12.

101.26 (b) This exemption does not apply to property awarded as prizes in connection with  
101.27 lawful gambling as defined in section 349.12 or the State Lottery.

101.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
101.29 30, 2019.

102.1 Sec. 10. Minnesota Statutes 2018, section 297A.68, is amended by adding a subdivision  
102.2 to read:

102.3 Subd. 30a. **Films.** (a) Tangible personal property primarily used or consumed in the  
102.4 preproduction, production, or postproduction of a film is exempt. Any such film, regardless  
102.5 of the medium in which it is transferred, is exempt. "Preproduction" and "production" include  
102.6 but are not limited to all activities related to the preparation for shooting and the shooting  
102.7 of the film, including film processing. For purposes of this subdivision, "film" has the  
102.8 meaning given in section 116U.26 except that it excludes television commercials. Equipment  
102.9 rented for preproduction and production activities is exempt. "Postproduction" includes but  
102.10 is not limited to all activities related to the finishing and duplication of a film. This exemption  
102.11 does not apply to tangible personal property used primarily in administration, general  
102.12 management, or marketing. Machinery and equipment purchased for use in producing such  
102.13 films and fuel, electricity, gas, or steam used for space heating or lighting are not exempt  
102.14 under this subdivision.

102.15 (b) The exemption under this subdivision is effective for sales and purchases made after  
102.16 June 30, 2019, and before June 30, 2021.

102.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

102.18 Sec. 11. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

102.19 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology  
102.20 equipment and computer software are exempt from tax as follows:

102.21 (1) purchases of enterprise information technology equipment ~~and computer software,~~  
102.22 and replacements or upgrades to the equipment, for use in a qualified data center, or a  
102.23 qualified refurbished data center, are exempt;

102.24 (2) purchases of prewritten computer software, and replacements or upgrades to the  
102.25 software, for use by or in a qualified data center or a qualified refurbished data center are  
102.26 exempt as follows:

102.27 (i) for purchases prior to July 1, 2019, software that is loaded at the data center and either  
102.28 operates, maintains, or monitors the enterprise information technology equipment exempt  
102.29 under clause (1), or manages, manipulates, analyzes, collects, stores, processes, distributes,  
102.30 or allows access to large amounts of data, or any other similar functions related to the data,  
102.31 at the qualified data center or qualified refurbished data center, is exempt. This exemption  
102.32 does not apply to software that is distributed to users outside of the facility;

103.1 (ii) for purchases after June 30, 2019, all software that is loaded at the data center is  
103.2 exempt, including software that is distributed to users outside of the facility, but the refund  
103.3 provided in clause (3) is limited to 50 percent of the tax paid on the software; and

103.4 (iii) purchases of software exempt under this clause include licenses to use the software  
103.5 and maintenance agreements for the software, except that computer software maintenance  
103.6 agreements are exempt for purchases made after June 30, 2013-; and

103.7 (3) the tax on purchases exempt under this paragraph must be imposed and collected as  
103.8 if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30,  
103.9 2013, in the manner provided under clause (2), item (ii), and in section 297A.75. This  
103.10 ~~exemption includes enterprise information technology equipment and computer software~~  
103.11 ~~purchased to replace or upgrade enterprise information technology equipment and computer~~  
103.12 ~~software in a qualified data center, or a qualified refurbished data center.~~

103.13 (b) Electricity used or consumed in the operation of a qualified data center or qualified  
103.14 refurbished data center is exempt.

103.15 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

103.16 (1) that is comprised of one or more buildings that consist in the aggregate of at least  
103.17 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where  
103.18 the total cost of construction or refurbishment, investment in enterprise information  
103.19 technology equipment, and computer software is at least \$30,000,000 within a 48-month  
103.20 period. The 48-month period begins no sooner than July 1, 2012, except that costs for  
103.21 computer software maintenance agreements purchased before July 1, 2013, are not included  
103.22 in determining if the \$30,000,000 threshold has been met;

103.23 (2) that is constructed or substantially refurbished after June 30, 2012, where  
103.24 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or  
103.25 modified, including:

103.26 (i) installation of enterprise information technology equipment; environmental control,  
103.27 computer software, and energy efficiency improvements; and

103.28 (ii) building improvements; and

103.29 (3) that is used to house enterprise information technology equipment, where the facility  
103.30 has the following characteristics:

103.31 (i) uninterruptible power supplies, generator backup power, or both;

103.32 (ii) sophisticated fire suppression and prevention systems; and

104.1 (iii) enhanced security. A facility will be considered to have enhanced security if it has  
104.2 restricted access to the facility to selected personnel; permanent security guards; video  
104.3 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,  
104.4 such as hand scans and retinal or fingerprint recognition; or similar security features.

104.5 In determining whether the facility has the required square footage, the square footage  
104.6 of the following spaces shall be included if the spaces support the operation of enterprise  
104.7 information technology equipment: office space, meeting space, and mechanical and other  
104.8 support facilities. For purposes of meeting investment and square footage criteria in this  
104.9 subdivision paragraph, "computer software" ~~includes, but is not limited to, software utilized~~  
104.10 ~~or loaded at a qualified data center or qualified refurbished data center, including~~  
104.11 ~~maintenance, licensing,~~ means both software that is exempt under paragraph (a), clause (2),  
104.12 and software customization.

104.13 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
104.14 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
104.15 that is comprised of one or more buildings that consist in the aggregate of at least 25,000  
104.16 square feet, and that are located on a single parcel or contiguous parcels, where the total  
104.17 cost of construction or refurbishment, investment in enterprise information technology  
104.18 equipment, and computer software is at least \$50,000,000 within a 24-month period.

104.19 (e) For purposes of this subdivision, "enterprise information technology equipment"  
104.20 means computers and equipment supporting computing, networking, or data storage,  
104.21 including servers and routers. It includes, but is not limited to: cooling systems, cooling  
104.22 towers, and other temperature control infrastructure; power infrastructure for transformation,  
104.23 distribution, or management of electricity used for the maintenance and operation of a  
104.24 qualified data center or qualified refurbished data center, including but not limited to exterior  
104.25 dedicated business-owned substations, backup power generation systems, battery systems,  
104.26 and related infrastructure; and racking systems, cabling, and trays, which are necessary for  
104.27 the maintenance and operation of the qualified data center or qualified refurbished data  
104.28 center.

104.29 (f) A qualified data center or qualified refurbished data center may claim the following:

104.30 (1) the exemptions in this subdivision provided under paragraphs (a), clause (1), and  
104.31 (b), for purchases made either within 20 years of the date of its first purchase qualifying for  
104.32 the exemption exemptions under paragraph (a), or by June 30, 2042, whichever is earlier;

104.33 (2) where the first purchase qualifying for the exemptions under paragraph (a) was made  
104.34 between July 1, 2012, and June 30, 2014, the exemption provided under paragraph (a),



105.1 clause (2), item (i), for those purchases of software made within a period starting on the  
105.2 date of the first purchase qualifying for the exemption under paragraph (a) and ending with  
105.3 the last purchase made prior to July 1, 2019;

105.4 (3) where the first purchase qualifying for the exemptions under paragraph (a) was made  
105.5 after June 30, 2019, the exemption provided under paragraph (a), clause (2), item (ii), for  
105.6 purchases of software made within five years of the date of its first purchase qualifying for  
105.7 the exemption under paragraph (a), or by June 30, 2042, whichever is earlier;

105.8 (4) where the first purchase qualifying for the exemptions under paragraph (a) was made  
105.9 between July 1, 2014, and June 30, 2019, the exemption provided under paragraph (a),  
105.10 clause (2), item (i), for purchases of software made prior to July 1, 2019, and the exemption  
105.11 provided under paragraph (a), clause (2), item (ii), for purchases of software made after  
105.12 June 30, 2019, for purchases made within five years of the first purchase qualifying for the  
105.13 exemptions under paragraph (a); and

105.14 (5) notwithstanding clauses (2) to (4), and paragraph (a), clause (2), a qualified data  
105.15 center or qualified refurbished data center may claim the exemption for purchases of software  
105.16 under paragraph (a), clause (2), during only one exemption period, as described in either  
105.17 clause (2), (3), or (4), per data center location. If the commissioner of employment and  
105.18 economic development subsequently certifies the data center as newly meeting the  
105.19 requirements under paragraph (c) or (d) at the same data center location, a data center that  
105.20 previously qualified for the exemption on purchases of software under paragraph (a), clause  
105.21 (2), as either a qualified data center or a qualified refurbished data center for the relevant  
105.22 period described in clause (2), (3), or (4), is not eligible for the exemption on purchases of  
105.23 software under the subsequent certification.

105.24 (g) The purpose of this exemption is to create jobs in the construction and data center  
105.25 industries.

105.26 (h) This subdivision is effective for sales and purchases made before July 1, 2042, as  
105.27 limited by paragraph (f).

105.28 (i) The commissioner of employment and economic development must certify to the  
105.29 commissioner of revenue, in a format approved by the commissioner of revenue, when a  
105.30 qualified data center has met the requirements under paragraph (c) or a qualified refurbished  
105.31 data center has met the requirements under paragraph (d). The certification must provide  
105.32 the following information regarding each qualified data center or qualified refurbished data  
105.33 center:

105.34 (1) the total square footage amount;

106.1 (2) the total amount of construction or refurbishment costs and the total amount of  
106.2 qualifying investments in enterprise information technology equipment and computer  
106.3 software; and

106.4 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)  
106.5 in which the qualifying expenditures and purchases under clause (2) were made, but in no  
106.6 case shall the period begin before July 1, 2012;

106.7 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must  
106.8 not be issued unless the commissioner of revenue has received the certification required  
106.9 under paragraph (i) either from the commissioner of employment and economic development  
106.10 or the qualified data center or qualified refurbished data center claiming the refund; and

106.11 (k) The commissioner of employment and economic development must annually notify  
106.12 the commissioner of revenue of the qualified data centers that are projected to meet the  
106.13 requirements under paragraph (c) and the qualified refurbished data centers that are projected  
106.14 to meet the requirements under paragraph (d) in each of the next four years. The notification  
106.15 must provide the information required under paragraph (i), clauses (1) to (3), for each  
106.16 qualified data center or qualified refurbished data center.

106.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
106.18 30, 2019; except that paragraph (a), clause (2), item (i), and those portions of paragraph (f)  
106.19 relating to the exemption provided under paragraph (a), clause (2), item (i), are effective  
106.20 retroactively to the first purchase qualifying for the exemptions under paragraph (a) made  
106.21 after June 30, 2012, for sales and purchases of software made prior to July 1, 2019.

106.22 Sec. 12. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
106.23 to read:

106.24 **Subd. 3a. Certain purchases from state fire safety account.** Purchases made by the  
106.25 commissioner of public safety under section 299F.012, subdivision 1, with revenues from  
106.26 the fire safety account established in section 297I.06, subdivision 3, are exempt if the items  
106.27 purchased ultimately will be provided to an organized fire department, fire protection district,  
106.28 fire-related regional response team, or fire company regularly charged with the responsibility  
106.29 of providing fire protection services to the state, a substate region, or a political subdivision.

106.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
106.31 30, 2019.

107.1 Sec. 13. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
107.2 to read:

107.3 Subd. 3b. Purchases by volunteer fire departments. Sales to and purchases by a  
107.4 volunteer fire department are exempt if: (1) the good or service would be exempt when  
107.5 purchased by a local government under subdivision 2; and (2) the volunteer fire department  
107.6 is an independent nonprofit association that is exempt from federal income tax under section  
107.7 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

107.8 EFFECTIVE DATE. This section is effective for sales and purchases made after June  
107.9 30, 2019.

107.10 Sec. 14. Minnesota Statutes 2018, section 297A.70, subdivision 10, is amended to read:

107.11 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are  
107.12 exempt if all the gross receipts are recorded as such, in accordance with generally accepted  
107.13 accounting principles, on the books of one or more organizations whose primary mission  
107.14 is to provide an opportunity for citizens of the state to participate in the creation, performance,  
107.15 or appreciation of the arts, and provided that each organization is:

107.16 (1) an organization described in section 501(c)(3) of the Internal Revenue Code in which  
107.17 voluntary contributions make up at least five percent of the organization's annual revenue  
107.18 in its most recently completed 12-month fiscal year, or in the current year if the organization  
107.19 has not completed a 12-month fiscal year;

107.20 (2) a municipal board that promotes cultural and arts activities; or

107.21 (3) the University of Minnesota, a state college and university, or a private nonprofit  
107.22 college or university provided that the event is held at a facility owned by the educational  
107.23 institution holding the event.

107.24 The exemption only applies if the entire proceeds, after reasonable expenses, are used solely  
107.25 to provide opportunities for citizens of the state to participate in the creation, performance,  
107.26 or appreciation of the arts.

107.27 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt,  
107.28 provided that the exemption under this paragraph does not apply to tickets or admissions  
107.29 to performances or events held on the premises unless the performance or event is sponsored  
107.30 and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota  
107.31 Zoological Garden.

108.1 (c) Tickets or admissions to a performance or event on the premises of a tax-exempt  
108.2 organization under section 501(c)(3) of the Internal Revenue Code are exempt if:

108.3 (1) the nonprofit organization was established to preserve Minnesota's rural agricultural  
108.4 heritage and focuses on educating the public about rural history and how farms in Minnesota  
108.5 helped to provide food for the nation and the world;

108.6 (2) the premises of the nonprofit organization is at least 115 acres;

108.7 (3) the performance or event is sponsored and conducted exclusively by volunteers,  
108.8 employees of the nonprofit organization, or members of the board of directors of the nonprofit  
108.9 organization; and

108.10 (4) the performance or event is consistent with the nonprofit organization's purposes  
108.11 under section 501(c)(3) of the Internal Revenue Code.

108.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

108.13 Sec. 15. Minnesota Statutes 2018, section 297A.70, subdivision 20, is amended to read:

108.14 Subd. 20. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose  
108.15 of owning or operating ice arenas or rinks that are (1) part of either the Duluth Heritage  
108.16 Sports Center or the David M. Thaler Sports Center; and (2) are used for youth and high  
108.17 school programs, are exempt if the organization is a private, nonprofit corporation exempt  
108.18 from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

108.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
108.20 30, 2019.

108.21 Sec. 16. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
108.22 to read:

108.23 Subd. 21. **County agricultural society sales at county fairs.** Sales by a county  
108.24 agricultural society during a regularly scheduled county fair are exempt. For purposes of  
108.25 this subdivision, sales include admissions to and parking at the county fairgrounds,  
108.26 admissions to separately ticketed events run by the county agricultural society, and  
108.27 concessions and other sales made by employees or volunteers of the county agricultural  
108.28 society on the county fairgrounds. This exemption does not apply to sales or events by a  
108.29 county agricultural society held at a time other than at the time of the regularly scheduled  
108.30 county fair, or events not held on the county fairgrounds.

109.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
109.2 30, 2019.

109.3 Sec. 17. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
109.4 to read:

109.5 Subd. 22. **Nonprofit conservation clubs.** Sales to nonprofit conservation clubs are  
109.6 exempt. For purposes of this subdivision, a "nonprofit conservation club" means an  
109.7 organization exempt under section 501(c)(3) of the Internal Revenue Code that provides  
109.8 instruction, training, and facilities for shooting handguns or rifles.

109.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
109.10 30, 2019.

109.11 Sec. 18. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
109.12 to read:

109.13 Subd. 23. **Nonprofit arena board.** Sales to an organization that exists primarily for the  
109.14 purpose of owning or operating facilities that are part of the Lake of the Woods International  
109.15 Arena are exempt if the organization is a private, nonprofit corporation exempt from federal  
109.16 income taxation under section 501(c)(3) of the Internal Revenue Code.

109.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
109.18 30, 2019.

109.19 Sec. 19. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision  
109.20 to read:

109.21 Subd. 24. **Prepared food used by certain nonprofits.** Sales of prepared food to a  
109.22 nonprofit organization that, as part of its charitable mission, is sponsoring and managing  
109.23 the provision of meals and other food through the federal Child and Adult Care Food Program  
109.24 or the federal Summer Food Service Program to unaffiliated centers and sites are exempt  
109.25 from sales tax. Only prepared food purchased from a caterer or other business under a  
109.26 contract with the nonprofit and used directly in the Child and Adult Care Food Program or  
109.27 the federal Summer Food Service Program qualifies for this exemption. Prepared food  
109.28 purchased by the nonprofit for other purposes remains taxable.

109.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
109.30 30, 2019.

110.1 Sec. 20. Minnesota Statutes 2018, section 297A.71, subdivision 50, is amended to read:

110.2 Subd. 50. **Properties destroyed by fire.** (a) Building materials and supplies used in,  
110.3 and equipment incorporated into, the construction or replacement of real property that is  
110.4 located in Melrose affected by the fire on September 8, 2016, are exempt.

110.5 (b) For sales and purchases made for the periods of (1) after September 30, 2016, and  
110.6 before July 1, 2017, and (2) after December 31, 2018, and before July 1, 2019, the tax must  
110.7 be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and  
110.8 then refunded in the manner provided in section 297A.75.

110.9 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
110.10 made after December 31, 2018.

110.11 Sec. 21. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
110.12 to read:

110.13 Subd. 51. **Lake of the Woods International Arena construction.** (a) Materials and  
110.14 supplies used or consumed in, and equipment incorporated into, the construction or  
110.15 improvement of the Lake of the Woods International Arena are exempt.

110.16 (b) The tax on purchases exempt under this subdivision must be imposed and collected  
110.17 as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner  
110.18 provided in section 297A.75.

110.19 (c) The exemption under this subdivision is effective for purchases made after March  
110.20 30, 2018, and before April 1, 2020.

110.21 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
110.22 final enactment and applies retroactively from March 30, 2018.

110.23 Sec. 22. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
110.24 to read:

110.25 Subd. 52. **Properties destroyed by fire.** (a) Building materials and supplies used or  
110.26 consumed in, and equipment incorporated into, the construction or replacement of real  
110.27 property affected by, and capital equipment to replace equipment destroyed in, the fire on  
110.28 March 11, 2018, in the city of Mazeppa are exempt.

110.29 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
110.30 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

111.1 (c) For purposes of this subdivision, "capital equipment" includes durable equipment  
111.2 used in a restaurant for food storage, preparation, and serving.

111.3 (d) The exemption under this subdivision applies to sales and purchases made after  
111.4 March 11, 2018, and before January 1, 2022.

111.5 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
111.6 final enactment and applies retroactively from March 11, 2018.

111.7 Sec. 23. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
111.8 to read:

111.9 Subd. 53. **Former Duluth Central High School.** (a) Materials and supplies used in and  
111.10 equipment incorporated into a private redevelopment project on the site of the former Duluth  
111.11 Central High School are exempt, provided the resulting development is subject to property  
111.12 taxes.

111.13 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
111.14 subdivision 1, applied and then refunded in the manner provided in section 297A.75. The  
111.15 commissioner must not pay more than \$1,000,000 in refunds for purchases exempt under  
111.16 this subdivision. Refunds must be processed and issued in the order that complete and  
111.17 accurate applications are received by the commissioner.

111.18 (c) The exemption under this subdivision applies for sales and purchases made after  
111.19 June 30, 2019, and before January 1, 2021.

111.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

111.21 Sec. 24. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
111.22 to read:

111.23 Subd. 54. **Construction; certain local government facilities.** (a) Materials and supplies  
111.24 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,  
111.25 or remodeling of the following local government owned facilities are exempt:

111.26 (1) a new fire station, which includes firefighting, emergency management, public safety  
111.27 training, and other public safety facilities in the city of Monticello if materials, supplies,  
111.28 and equipment are purchased after January 31, 2019, and before January 1, 2022;

111.29 (2) a new fire station, which includes firefighting and public safety training facilities  
111.30 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and  
111.31 equipment are purchased after June 30, 2018, and before January 1, 2021;

112.1 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
112.2 utility components, on or adjacent to the property on which the fire station or police station  
112.3 are located that are necessary for safe access to and use of those buildings, in the city of  
112.4 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
112.5 before January 1, 2021;

112.6 (4) the school building in Independent School District No. 414, Minneota, if materials,  
112.7 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

112.8 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment  
112.9 are purchased after December 31, 2018, and before January 1, 2021;

112.10 (6) an interpretive center, including access roads, lighting, sidewalks, and utility  
112.11 components, on or adjacent to the property on which the interpretive center is located that  
112.12 are necessary for safe access to and use of the buildings, owned and operated by the city of  
112.13 St. Louis Park if materials, supplies, and equipment are purchased after April 1, 2019, and  
112.14 before January 1, 2021; and

112.15 (7) a Dakota County law enforcement collaboration center, also known as the Safety  
112.16 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,  
112.17 and equipment are purchased after June 30, 2019, and before July 1, 2021.

112.18 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
112.19 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

112.20 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
112.21 \$850,000.

112.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
112.23 applies retroactively to sales and purchases made during the time periods listed for each  
112.24 project in paragraph (a).

112.25 Sec. 25. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision  
112.26 to read:

112.27 Subd. 55. **Nonprofit snowmobile clubs.** Building materials and supplies used by a  
112.28 nonprofit snowmobile club to construct, reconstruct, or maintain or improve state or  
112.29 grant-in-aid snowmobile trails are exempt. A nonprofit snowmobile club is eligible for the  
112.30 exemption under this subdivision if it received, in the current year or in the previous  
112.31 three-year period, a state grant-in-aid grant administered by the Department of Natural  
112.32 Resources by applying for the grant with a local unit of government sponsor.



113.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
113.2 30, 2019.

113.3 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

113.4 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
113.5 exempt items must be imposed and collected as if the sale were taxable and the rate under  
113.6 section 297A.62, subdivision 1, applied. The exempt items include:

113.7 (1) building materials for an agricultural processing facility exempt under section  
113.8 297A.71, subdivision 13;

113.9 (2) building materials for mineral production facilities exempt under section 297A.71,  
113.10 subdivision 14;

113.11 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

113.12 (4) building materials used in a residence for disabled veterans exempt under section  
113.13 297A.71, subdivision 11;

113.14 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

113.15 (6) materials and supplies for qualified low-income housing under section 297A.71,  
113.16 subdivision 23;

113.17 (7) materials, supplies, and equipment for municipal electric utility facilities under  
113.18 section 297A.71, subdivision 35;

113.19 (8) equipment and materials used for the generation, transmission, and distribution of  
113.20 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
113.21 37;

113.22 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
113.23 (a), clause (10);

113.24 (10) materials, supplies, and equipment for construction or improvement of projects and  
113.25 facilities under section 297A.71, subdivision 40;

113.26 (11) materials, supplies, and equipment for construction, improvement, or expansion  
113.27 of:

113.28 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
113.29 section 297A.71, subdivision 42;

113.30 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
113.31 45;

114.1 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
114.2 297A.71, subdivision 46; and

114.3 (iv) an industrial measurement manufacturing and controls facility exempt under  
114.4 Minnesota Statutes 2014, section 297A.71, subdivision 47;

114.5 (12) enterprise information technology equipment and computer software for use in a  
114.6 qualified data center exempt under section 297A.68, subdivision 42;

114.7 (13) materials, supplies, and equipment for qualifying capital projects under section  
114.8 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

114.9 (14) items purchased for use in providing critical access dental services exempt under  
114.10 section 297A.70, subdivision 7, paragraph (c);

114.11 (15) items and services purchased under a business subsidy agreement for use or  
114.12 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
114.13 44;

114.14 (16) building materials, equipment, and supplies for constructing or replacing real  
114.15 property exempt under section 297A.71, ~~subdivision~~ subdivisions 49; 50, paragraph (b);  
114.16 51; 52; and 53; and

114.17 (17) building materials, equipment, and supplies for ~~constructing or replacing real~~  
114.18 ~~property exempt under section 297A.71, subdivision 50, paragraph (b).~~ qualifying capital  
114.19 projects under section 297A.71, subdivision 54.

114.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

114.21 Sec. 27. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

114.22 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
114.23 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items,  
114.24 except as otherwise provided in section 297A.68, subdivision 42, must be paid to the  
114.25 applicant. Only the following persons may apply for the refund:

114.26 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

114.27 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

114.28 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits  
114.29 provided in United States Code, title 38, chapter 21;

114.30 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
114.31 property;

- 115.1 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;
- 115.2 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
- 115.3 joint venture of municipal electric utilities;
- 115.4 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying
- 115.5 business;
- 115.6 (8) for subdivision 1, clauses (9), (10), ~~and (13)~~, and (17), the applicant must be the
- 115.7 governmental entity that owns or contracts for the project or facility; and
- 115.8 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
- 115.9 building or project; ~~and~~.
- 115.10 ~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the~~
- 115.11 ~~building or project.~~
- 115.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 115.13 Sec. 28. Minnesota Statutes 2018, section 297A.83, subdivision 1, is amended to read:
- 115.14 Subdivision 1. **Persons applying.** (a) A ~~retailer~~ person required to collect and remit
- 115.15 sales taxes under section 297A.66 shall file with the commissioner an application for a
- 115.16 permit.
- 115.17 (b) A retailer making retail sales from outside this state to a destination within this state
- 115.18 who is not required to obtain a permit under paragraph (a) may nevertheless voluntarily file
- 115.19 an application for a permit.
- 115.20 (c) The commissioner may require any person or class of persons obligated to file a use
- 115.21 tax return under section 289A.11, subdivision 3, to file an application for a permit.
- 115.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
- 115.23 30, 2019.
- 115.24 Sec. 29. Laws 2017, First Special Session chapter 1, article 3, section 26, the effective
- 115.25 date, is amended to read:
- 115.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
- 115.27 30, 2017, and before July 1, 2027.
- 115.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

116.1 Sec. 30. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective  
116.2 date, is amended to read:

116.3 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases  
116.4 made after September 30, 2016, and before January 1, ~~2019~~ 2023. Paragraph (b) is effective  
116.5 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and  
116.6 (2) after December 31, 2018, and before July 1, 2019.

116.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2019.

116.8 Sec. 31. **MUNICIPALLY OWNED WATER TREATMENT FACILITY; CITY OF**  
116.9 **ELKO NEW MARKET.**

116.10 Subdivision 1. **Exemption.** Materials and supplies used in and equipment incorporated  
116.11 into a water treatment facility owned and operated by the city of Elko New Market are  
116.12 exempt from taxation under Minnesota Statutes, chapter 297A, regardless of whether the  
116.13 materials and supplies are purchased by the city or a contractor, subcontractor, or builder.  
116.14 All purchases for this facility must have been made after June 1, 2014, and before June 1,  
116.15 2016.

116.16 Subd. 2. **Refund.** The tax on purchases exempt under subdivision 1 must be imposed  
116.17 and collected as if the rate under Minnesota Statutes, section 297A.62, applied, and then  
116.18 refunded in the manner provided in Minnesota Statutes, section 297A.75. The applicant  
116.19 must be the city of Elko New Market. If sales tax has been paid on sales and purchases  
116.20 exempt under this section prior to the effective date of this section, the city of Elko New  
116.21 Market may apply directly to the commissioner of revenue for a refund. The application  
116.22 must be in the form and manner required by the commissioner and provide sufficient  
116.23 information so the commissioner can verify the amount paid. If the tax was paid by a  
116.24 contractor, subcontractor, or builder, the contractor, subcontractor, or builder must furnish  
116.25 to the refund applicant a statement including the cost of the exempt items and the taxes paid  
116.26 on the items. Interest must be paid on the refund at the rate in Minnesota Statutes, section  
116.27 270C.405, from 90 days after the refund claim is filed with the commissioner.

116.28 Subd. 3. **Appropriation.** The amount required to make the refunds under this section  
116.29 is appropriated to the commissioner of revenue.

116.30 **EFFECTIVE DATE.** This section is effective retroactively for purchases made after  
116.31 June 1, 2014, and before June 1, 2016.

117.1 Sec. 32. TAX EXPENDITURES; STATEMENTS OF INTENT.

117.2 (a) In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose  
117.3 and goals for the tax expenditures in this article are listed in this section.

117.4 (b) The purpose of the exemption in section 8 is to level the playing field for costs  
117.5 between local governments and private entities of managing invasive species in lakes. The  
117.6 goal is an increase in the number of lakes where invasive species are being controlled.

117.7 (c) The purpose of the exemption in section 9 is to decrease costs faced by charitable  
117.8 gambling organizations. The goal is to increase their revenue spent on charitable activities.

117.9 (d) The purpose of the exemption in section 10 is to decrease costs of film production  
117.10 in the state. The goal is to increase the number of film productions in the state.

117.11 (e) The purpose of the exemption in section 12 is to level the playing field between the  
117.12 state and local governments when purchasing firefighting equipment. The goal is to allow  
117.13 the state to purchase more equipment for local governments.

117.14 (f) The purpose of the exemptions in sections 7 and 13 is to reduce costs of providing  
117.15 local public services in these communities. The goal is to decrease the growth in local  
117.16 property taxes and service fees in these communities.

117.17 (g) The purpose of the exemption in section 14 is to reduce the cost of providing education  
117.18 on the state's farming history. The goal is to decrease the public cost of access to this facility.

117.19 (h) The purpose of the exemption in section 15 is to decrease maintenance costs for the  
117.20 ice arena. The goal is to increase local recreation opportunities and reduce local participation  
117.21 costs.

117.22 (i) The purpose of the exemption in section 16 is to help county agricultural societies  
117.23 maintain county fairgrounds. The goal is to increase spending on fairground maintenance  
117.24 and capital improvements.

117.25 (j) The purpose of the exemption in section 17 is to help nonprofit conservation clubs  
117.26 provide increased training and facilities for youth. The goal is to increase youth training on  
117.27 gun safety and encourage responsible gun ownership and use.

117.28 (k) The purpose of the exemptions in sections 18 and 21 is to decrease construction and  
117.29 maintenance costs for a new ice arena. The goal is to increase local recreation opportunities,  
117.30 reduce local participation costs, and increase tourism into the area.

118.1 (l) The purpose of the exemption in section 19 is to equalize the costs for programs that  
118.2 prepare food on site versus having food prepared off site. The goal is to increase the number  
118.3 of after-school and summer youth meals and snacks served.

118.4 (m) The purpose of the exemptions in sections 20 and 22 is to encourage rebuilding in  
118.5 the damaged area of each city. The goal is to have these properties returned to the tax rolls  
118.6 at the same or greater value.

118.7 (n) The purpose of the exemption in section 23 is to encourage redevelopment of the  
118.8 school site and increase the city property tax base. The goal is to have private development  
118.9 on the site.

118.10 (o) The purpose of the exemption in sections 24 and 31 is to reduce the cost of providing  
118.11 local public services in these communities. The goal is to decrease the growth in local  
118.12 property taxes and service fees in these communities.

118.13 (p) The purpose of the exemption in section 25 is to decrease the cost for trail maintenance  
118.14 by nonprofit snowmobile clubs. The goal is to increase miles of trails maintained.

118.15 (q) The purpose of eliminating the sunset on the exemption in section 29 is to stabilize  
118.16 and allow for long-term planning for the participation scholarships offered by the Minnesota  
118.17 State High School League. The goal is to maintain or increase participation in extracurricular  
118.18 activities by low-income students.

118.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

118.20 Sec. 33. **REPEALER.**

118.21 Minnesota Statutes 2018, section 297A.66, subdivision 4b, is repealed.

118.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
118.23 September 30, 2019.

#### 118.24 **ARTICLE 4**

#### 118.25 **SPECIAL TAXES**

118.26 Section 1. Minnesota Statutes 2018, section 295.75, subdivision 4, is amended to read:

118.27 Subd. 4. **Tax collection required.** A liquor retailer with nexus in Minnesota or a direct  
118.28 ship winery as defined in section 340A.550, who is not subject to tax under subdivision 2,  
118.29 is required to collect the tax imposed under subdivision 3 from the purchaser of the liquor  
118.30 and give the purchaser a receipt for the tax paid. The tax collected must be remitted to the  
118.31 commissioner in the same manner prescribed for the taxes imposed under chapter 297A.

119.1 **EFFECTIVE DATE.** This section is effective for sales and purchases occurring on or  
119.2 after July 1, 2019, provided that Minnesota Statutes, section 340A.550, relating to the  
119.3 licensing of direct ship wineries is enacted and effective July 1, 2019.

119.4 Sec. 2. Minnesota Statutes 2018, section 296A.03, subdivision 3, is amended to read:

119.5 Subd. 3. **Form of application; license fee.** An application for a distributor's license  
119.6 shall be made in the form and manner prescribed by the commissioner and must be  
119.7 accompanied by an initial fee of \$25. Once licensed, a distributor must remit a \$25 fee  
119.8 annually to maintain the license.

119.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

119.10 Sec. 3. Minnesota Statutes 2018, section 296A.13, is amended to read:

119.11 **296A.13 PERSONAL LIABILITY FOR TAX.**

119.12 Liability for payment of taxes under this chapter includes a responsible person or entity  
119.13 described in the personal liability provisions of section 270C.56-, except "person" includes  
119.14 but is not limited to directors and officers of corporations, governors, managers, or members  
119.15 of a member-managed limited liability company, or partners of partnerships who, either  
119.16 individually or jointly with others, have the control, supervision, or responsibility of filing  
119.17 returns and making payment of the amount of tax imposed by this chapter.

119.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

119.19 Sec. 4. Minnesota Statutes 2018, section 297A.83, subdivision 1, is amended to read:

119.20 Subdivision 1. **Persons applying.** (a) A retailer required to collect and remit sales taxes  
119.21 under section 297A.66 or a direct ship winery as defined in section 340A.550 shall file with  
119.22 the commissioner an application for a permit under this section.

119.23 (b) A retailer making retail sales from outside this state to a destination within this state  
119.24 who is not required to obtain a permit under paragraph (a) may nevertheless voluntarily file  
119.25 an application for a permit.

119.26 (c) The commissioner may require any person or class of persons obligated to file a use  
119.27 tax return under section 289A.11, subdivision 3, to file an application for a permit.

119.28 **EFFECTIVE DATE.** This section is effective for permits applied for after June 30,  
119.29 2019, provided that Minnesota Statutes, section 340A.550, relating to the licensing of direct  
119.30 ship wineries is enacted and effective July 1, 2019.

120.1 Sec. 5. Minnesota Statutes 2018, section 297F.01, subdivision 19, is amended to read:

120.2 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,  
120.3 made, or derived from tobacco that is intended for human consumption, whether chewed,  
120.4 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or  
120.5 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;  
120.6 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking  
120.7 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing  
120.8 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds  
120.9 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco  
120.10 products includes nicotine solution products. Tobacco products excludes any tobacco product  
120.11 that has been approved by the United States Food and Drug Administration for sale as a  
120.12 tobacco cessation product, as a tobacco dependence product, or for other medical purposes,  
120.13 and is being marketed and sold solely for such an approved purpose.

120.14 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco  
120.15 products includes a premium cigar, as defined in subdivision 13a.

120.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

120.17 Sec. 6. Minnesota Statutes 2018, section 297F.01, is amended by adding a subdivision to  
120.18 read:

120.19 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any  
120.20 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that  
120.21 is in a solution that is consumed, or meant to be consumed, through the use of a heating  
120.22 element, power source, electronic circuit, or other electronic, chemical, or mechanical means  
120.23 that produces vapor or aerosol. This paragraph expires December 31, 2019.

120.24 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,  
120.25 or other package that contains nicotine, including nicotine made or derived from tobacco  
120.26 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,  
120.27 through the use of a heating element, power source, electronic circuit, or other electronic,  
120.28 chemical, or mechanical means that produces vapor or aerosol.

120.29 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic  
120.30 cigarillo, electronic pipe, or similar product or device, and any batteries, heating elements,  
120.31 or other components, parts, or accessories sold with and meant to be used in the consumption  
120.32 of a solution containing nicotine.

120.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.



121.1 Sec. 7. Minnesota Statutes 2018, section 297F.01, subdivision 23, is amended to read:

121.2 Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which  
121.3 a distributor purchases a tobacco product.

121.4 (b) When a distributor sells a cartridge, bottle, or other package of a solution containing  
121.5 nicotine that is part of a kit that also includes a product, device, component, part, or accessory  
121.6 described in subdivision 22b:

121.7 (1) the wholesale sales price is the price at which the distributor purchases the kit; except  
121.8 that

121.9 (2) if the distributor also separately sells the same package of solution containing nicotine  
121.10 that is sold with the kit and can isolate the cost of the package of solution containing nicotine,  
121.11 then the wholesale sales price includes only the price at which the distributor separately  
121.12 purchases the package of the solution containing nicotine and any taxes, charges, and costs  
121.13 listed in paragraph (c).

121.14 (c) Wholesale sales price includes the applicable federal excise tax, freight charges, or  
121.15 packaging costs, regardless of whether they were included in the purchase price.

121.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

121.17 Sec. 8. Minnesota Statutes 2018, section 297F.05, is amended by adding a subdivision to  
121.18 read:

121.19 Subd. 1b. **Annual indexing.** (a) Each year the commissioner shall adjust the tax rates  
121.20 under subdivision 1, including any adjustment made in prior years under this subdivision,  
121.21 by multiplying the mill rates for the current calendar year by an adjustment factor and  
121.22 rounding the result to the nearest mill. The adjustment factor equals the in-lieu sales tax  
121.23 rate that applies to the following calendar year divided by the in-lieu sales tax rate for the  
121.24 current calendar year. For purposes of this subdivision, "in-lieu sales tax rate" means the  
121.25 tax rate established under section 297F.25, subdivision 1. For purposes of the calculations  
121.26 under this subdivision to be made in any year in which an increase in the federal or state  
121.27 excise tax on cigarettes is implemented, the commissioner shall exclude from the calculated  
121.28 average price for the current year an amount equal to any increase in the state or federal  
121.29 excise tax rate.

121.30 (b) The commissioner shall publish the resulting rate by November 1 and the rate applies  
121.31 to sales made on or after January 1 of the following year.

122.1 (c) The determination of the commissioner under this subdivision is not a rule and is  
122.2 not subject to the Administrative Procedure Act in chapter 14, including section 14.386.

122.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
122.4 applies beginning with rates calculated for calendar year 2020.

122.5 Sec. 9. Minnesota Statutes 2018, section 297F.08, subdivision 8, is amended to read:

122.6 Subd. 8. **Sale of stamps.** The commissioner may sell stamps on a credit basis under  
122.7 conditions prescribed by the commissioner. The commissioner shall sell the stamps at a  
122.8 price which includes the tax ~~after giving effect to the discount provided in subdivision 7.~~  
122.9 The commissioner shall recover the actual costs of the stamps from the distributor. The  
122.10 commissioner shall annually establish the maximum amount of stamps that may be purchased  
122.11 each month.

122.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

122.13 Sec. 10. Minnesota Statutes 2018, section 297F.08, subdivision 9, is amended to read:

122.14 Subd. 9. **Tax stamping machines.** The commissioner shall require any person licensed  
122.15 as a distributor to stamp packages with a tax stamping machine, approved by the  
122.16 commissioner, which shall be provided by the distributor. The commissioner shall also  
122.17 supervise and check the operation of the machines and shall provide for the payment of the  
122.18 tax on any package so stamped, ~~subject to the discount provided in subdivision 7.~~ If the  
122.19 commissioner finds that a stamping machine is not affixing a legible stamp on the package,  
122.20 the commissioner may order the distributor to immediately cease the stamping process until  
122.21 the machine is functioning properly.

122.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

122.23 Sec. 11. Minnesota Statutes 2018, section 297G.07, subdivision 1, is amended to read:

122.24 Subdivision 1. **Exemptions.** The following are not subject to the excise tax:

122.25 (1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in  
122.26 interstate commerce.

122.27 (2) Alcoholic beverages sold or transferred between Minnesota wholesalers.

122.28 (3) Sales to common carriers engaged in interstate transportation of passengers, except  
122.29 as provided in this chapter.

123.1 (4) Malt beverages served by a brewery for on-premise consumption at no charge, or  
 123.2 distributed to brewery employees for on-premise consumption under a labor contract.

123.3 ~~(5) Shipments of wine to Minnesota residents under section 340A.417.~~

123.4 ~~(6)~~ Fruit juices naturally fermented or beer naturally brewed in the home for family use  
 123.5 and not sold or offered for sale.

123.6 ~~(7)~~ (6) Sales of wine for sacramental purposes under section 340A.316.

123.7 ~~(8)~~ (7) Alcoholic beverages sold to authorized manufacturers of food products or  
 123.8 pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture  
 123.9 of food products or medicines. For purposes of this clause, "manufacturer" means a person  
 123.10 who manufactures food products intended for sale to wholesalers or retailers for ultimate  
 123.11 sale to the consumer.

123.12 ~~(9)~~ (8) Liqueur-filled candy.

123.13 ~~(10)~~ (9) Sales to a federal agency, that the state of Minnesota is prohibited from taxing  
 123.14 under the Constitution or laws of the United States or under the Constitution of Minnesota.

123.15 ~~(11)~~ (10) Sales to Indian tribes as defined in section 297G.08.

123.16 ~~(12)~~ (11) Shipments of intoxicating liquor from foreign countries to diplomatic personnel  
 123.17 of foreign countries assigned to service in this state.

123.18 ~~(13)~~ (12) Shipments of bulk distilled spirits or bulk wine to farm wineries licensed under  
 123.19 section 340A.315 for input to the final product.

123.20 **EFFECTIVE DATE.** This section is effective July 1, 2019, provided that Minnesota  
 123.21 Statutes, section 340A.550, relating to the licensing of direct ship wineries is enacted and  
 123.22 effective July 1, 2019.

123.23 Sec. 12. Minnesota Statutes 2018, section 297H.02, subdivision 2, is amended to read:

123.24 Subd. 2. **Rates.** The rate of tax under this section is ~~9.75~~ 11 percent.

123.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

123.26 Sec. 13. Minnesota Statutes 2018, section 297H.03, subdivision 2, is amended to read:

123.27 Subd. 2. **Rate.** The rate of the tax under this section is ~~17~~ 19 percent.

123.28 **EFFECTIVE DATE.** This section is effective July 1, 2019.

124.1 Sec. 14. Minnesota Statutes 2018, section 297H.04, subdivision 2, is amended to read:

124.2 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste  
124.3 shall pay a solid waste management tax of ~~60~~ 67.5 cents per noncompacted cubic yard of  
124.4 periodic waste collection capacity purchased by the generator, based on the size of the  
124.5 container for the nonmixed municipal solid waste, the actual volume, or the weight-to-volume  
124.6 conversion schedule in paragraph (c). However, the tax must be calculated by the waste  
124.7 management service provider using the same method for calculating the waste management  
124.8 service fee so that both are calculated according to container capacity, actual volume, or  
124.9 weight.

124.10 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed  
124.11 municipal solid waste shall pay a solid waste management tax in the same manner as provided  
124.12 in paragraph (a).

124.13 (c) The weight-to-volume conversion schedule for:

124.14 (1) construction debris as defined in section 115A.03, subdivision 7, is equal to ~~60~~ 67.5  
124.15 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner  
124.16 of the Pollution Control Agency, shall determine and may publish by notice a conversion  
124.17 schedule for construction debris;

124.18 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to ~~60~~ 67.5  
124.19 cents per cubic yard. The commissioner of revenue after consultation with the commissioner  
124.20 of the Pollution Control Agency, shall determine, and may publish by notice, a conversion  
124.21 schedule for various industrial wastes; and

124.22 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste  
124.23 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or ~~60~~  
124.24 67.5 cents per 150 pounds.

124.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

124.26 Sec. 15. Minnesota Statutes 2018, section 297H.05, is amended to read:

124.27 **297H.05 SELF-HAULERS.**

124.28 (a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the  
124.29 waste management facility to which the waste is delivered at the rate imposed under section  
124.30 297H.03, based on the sales price of the waste management services.

125.1 (b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of  
125.2 the waste management facility to which the waste is delivered at the rate imposed under  
125.3 section 297H.04.

125.4 (c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based  
125.5 either on the capacity of the container, the actual volume, or the weight-to-volume conversion  
125.6 schedule in paragraph (d). However, the tax must be calculated by the operator using the  
125.7 same method for calculating the tipping fee so that both are calculated according to container  
125.8 capacity, actual volume, or weight.

125.9 (d) The weight-to-volume conversion schedule for:

125.10 (1) construction debris as defined in section 115A.03, subdivision 7, is one ton equals  
125.11 3.33 cubic yards, or ~~\$2~~ \$2.25 per ton;

125.12 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to ~~60~~ 67.5  
125.13 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner  
125.14 of the Pollution Control Agency, shall determine, and may publish by notice, a conversion  
125.15 schedule for various industrial wastes; and

125.16 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste  
125.17 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or ~~60~~  
125.18 67.5 cents per 150 pounds.

125.19 (e) For mixed municipal solid waste the tax is imposed upon the difference between the  
125.20 market price and the tip fee at a processing or disposal facility if the tip fee is less than the  
125.21 market price and the political subdivision subsidizes the cost of service at the facility. The  
125.22 political subdivision is liable for the tax.

125.23 **EFFECTIVE DATE.** This section is effective July 1, 2019.

125.24 Sec. 16. Minnesota Statutes 2018, section 297H.13, subdivision 2, is amended to read:

125.25 Subd. 2. **Allocation of revenues.** (a) \$33,760,000, or 70 percent, whichever is greater,  
125.26 of the amounts remitted under this chapter must be credited to the environmental fund  
125.27 established in section 16A.531, subdivision 1.

125.28 (b) Notwithstanding paragraph (a), 30 percent of the following combined amounts are  
125.29 dedicated to the account established under section 297H.131:

125.30 (1) an amount equal to 1.25 percentage points of the tax imposed under section 297H.02,  
125.31 subdivision 2, on taxpayers located in counties that contain a soil and water conservation  
125.32 district;

126.1 (2) an amount equal to two percentage points of the tax imposed under section 297H.03,  
126.2 subdivision 2, on taxpayers located in counties that contain a soil and water conservation  
126.3 district;

126.4 (3) an amount equal to 7.5 cents per cubic yard or per 150 pounds, as applicable, of the  
126.5 tax imposed by sections 297H.04, subdivision 2, and 297H.05, paragraph (d), clauses (2)  
126.6 and (3), on taxpayers located in counties that contain a soil and water conservation district;  
126.7 and

126.8 (4) an amount equal to 25 cents per ton of the tax imposed by section 297H.05, paragraph  
126.9 (d), clause (1), on taxpayers located in counties that contain a soil and water conservation  
126.10 district.

126.11 ~~(b)~~ (c) The remainder must be deposited into the general fund.

126.12 **EFFECTIVE DATE.** This section is effective July 1, 2019.

126.13 Sec. 17. **[297H.131] SOIL AND WATER CONSERVATION DISTRICT ACCOUNT.**

126.14 Subdivision 1. **Establishment; appropriation.** (a) A soil and water conservation district  
126.15 account is established in the special revenue fund. An amount equal to the amount allocated  
126.16 under section 297H.13, subdivision 2, paragraph (b), clauses (1) to (4), must be deposited  
126.17 in this fund annually.

126.18 (b) Money in the account, including interest, is appropriated to the commissioner of  
126.19 revenue annually.

126.20 Subd. 2. **Distribution.** (a) The commissioner of revenue must distribute money in this  
126.21 account to the Board of Water and Soil Resources for the operation of soil and water  
126.22 conservation districts.

126.23 (b) If a county does not contain a soil and water conservation district, then the Board of  
126.24 Water and Soil Resources must appropriate money directly to the county to provide soil  
126.25 and water conservation services.

126.26 Sec. 18. **REPEALER.**

126.27 Minnesota Statutes 2018, sections 296A.03, subdivision 5; 296A.04, subdivision 2;  
126.28 296A.05, subdivision 2; and 297F.08, subdivision 5, and Minnesota Rules, part 8125.0410,  
126.29 subpart 1, are repealed.

126.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

127.1

**ARTICLE 5**

127.2

**PROPERTY TAXES**

127.3 Section 1. Minnesota Statutes 2018, section 138.053, is amended to read:

127.4 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

127.5 The governing body of any home rule charter or statutory city or town may annually  
127.6 appropriate from its general fund an amount not to exceed 0.02418 percent of estimated  
127.7 market value, derived from ad valorem taxes on property or other revenues, to be paid to  
127.8 the historical society of its respective city, town, or county to be used for the promotion of  
127.9 historical work and to aid in defraying the expenses of carrying on the historical work in  
127.10 the city, town, or county. No city or town may appropriate any funds for the benefit of any  
127.11 historical society unless the society is affiliated with and approved by the Minnesota  
127.12 Historical Society.

127.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

127.14 Sec. 2. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

127.15 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner  
127.16 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to  
127.17 the commissioner of revenue the amounts to be paid.

127.18 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the  
127.19 commissioner of revenue shall distribute the specified funds to cities in the same manner  
127.20 as local government aid under chapter 477A. An appropriation to the commissioner ~~of~~  
127.21 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes  
127.22 specified in this paragraph.

127.23 (c) Notwithstanding other law to the contrary, in order to receive distributions under  
127.24 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city  
127.25 that receives funds under this section must make and preserve records necessary to show  
127.26 that the funds are spent in compliance with subdivision 4.

127.27 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

127.28 Sec. 3. Minnesota Statutes 2018, section 197.603, subdivision 2, is amended to read:

127.29 Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service  
127.30 officer is the responsible authority with respect to all records in the officer's custody. The  
127.31 data on clients' applications for assistance is private data on individuals, as defined in section

128.1 13.02, subdivision 12. The county veterans service officer may disclose to the county assessor  
128.2 private data necessary to determine a client's eligibility for the disabled veteran's homestead  
128.3 market value exclusion under section 273.13, subdivision 34.

128.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

128.5 Sec. 4. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

128.6 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following  
128.7 powers and duties in administering the property tax laws:;

128.8 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local  
128.9 assessors and local boards of review throughout the state as to their duties under the laws  
128.10 of the state;;

128.11 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws  
128.12 relating to the liability and punishment of public officers and officers and agents of  
128.13 corporations for failure or negligence to comply with the provisions of the property tax  
128.14 laws, and cause complaints to be made against local assessors, members of boards of  
128.15 equalization, members of boards of review, or any other assessing or taxing officer, to the  
128.16 proper authority, for their removal from office for misconduct or negligence of duty;;

128.17 ~~(c)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions  
128.18 or proceedings for removal, forfeiture, and punishment, for violation of the property tax  
128.19 laws in their respective districts or counties;;

128.20 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify  
128.21 information, at the parcel level or in the aggregate, as to the assessment and taxation of real  
128.22 and personal property, and such other information as may be needful in the work of the  
128.23 commissioner, ~~in such form as the commissioner may prescribe.~~ The commissioner shall  
128.24 prescribe the content, format, manner, and time of filing of all required reports and  
128.25 certifications;

128.26 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each  
128.27 even-numbered year, and to each member of the legislature, on or before November 15 of  
128.28 each even-numbered year, the report of the department for the preceding years, showing all  
128.29 the taxable property subject to the property tax laws and the value of the same, in tabulated  
128.30 form;;

128.31 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the  
128.32 assessors faithfully discharge their duties; and



129.1 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial  
 129.2 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"  
 129.3 means property that:

129.4 ~~(1)~~ (i) is designed and equipped for a particular type of industry;

129.5 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;

129.6 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and

129.7 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the  
 129.8 assessor's preliminary determination.

129.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

129.10 Sec. 5. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

129.11 Subdivision 1. **Initial report.** Each county assessor shall file ~~by April 1~~ with the  
 129.12 commissioner a copy of ~~the abstract~~ preliminary assessment information that the  
 129.13 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be  
 129.14 acted upon by the local and county boards of review. ~~The abstract must list the real and~~  
 129.15 ~~personal property in the county itemized by assessment districts.~~ The assessor of each county  
 129.16 in the state shall file with the commissioner, within ten working days following final action  
 129.17 of the local board of review or equalization and within five days following final action of  
 129.18 the county board of equalization, any changes made by the local or county board. ~~The~~  
 129.19 ~~information must be filed in the manner prescribed by the commissioner.~~

129.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

129.21 Sec. 6. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

129.22 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after  
 129.23 adjustments by the State Board of Equalization and inclusion of any omitted property shall  
 129.24 be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~  
 129.25 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~  
 129.26 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~  
 129.27 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~  
 129.28 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~  
 129.29 ~~credit under section 273.42.~~

129.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

130.1 Sec. 7. Minnesota Statutes 2018, section 270C.91, is amended to read:

130.2 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**  
130.3 **DUTIES OF COUNTY AUDITOR.**

130.4 A record of all proceedings of the commissioner affecting any change in the net tax  
130.5 capacity of any property, as revised by the State Board of Equalization, shall be kept by the  
130.6 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of  
130.7 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~  
130.8 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall  
130.9 specify the amounts or amount, or both, added to or deducted from the net tax capacity of  
130.10 the real property of each of the several towns and cities, and of the real property not in towns  
130.11 or cities, also the percent or amount of both, added to or deducted from the several classes  
130.12 of personal property in each of the towns and cities, and also the amount added to or deducted  
130.13 from the assessment of any person. The county auditor shall add to or deduct from such  
130.14 tract or lot, or portion thereof, of any real property in the county the required percent or  
130.15 amount, or both, on the net tax capacity thereof as it stood after equalized by the county  
130.16 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case  
130.17 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or  
130.18 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of  
130.19 personal property in the county the required percent or amount, or both, on the net tax  
130.20 capacity thereof as it stood after equalized by the county board, adding or deducting in  
130.21 manner aforesaid any fractional sum so that no net tax capacity of any separate class of  
130.22 personal property shall contain a fraction of a dollar, and add to or deduct from assessment  
130.23 of any person, as they stood after equalization by the county board, the required amounts  
130.24 to agree with the assessments as returned by the commissioner.

130.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

130.26 Sec. 8. Minnesota Statutes 2018, section 272.02, subdivision 49, is amended to read:

130.27 Subd. 49. **Agricultural historical society property.** Property is exempt from taxation  
130.28 if it is owned by a nonprofit charitable or educational organization that qualifies for  
130.29 exemption under section 501(c)(3) of the Internal Revenue Code and meets the following  
130.30 criteria:

130.31 (1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts  
130.32 useful in providing an understanding of local or regional agricultural history. Primary use  
130.33 is determined each year based on the number of days the property is used solely for storage  
130.34 and exhibition purposes;

131.1 (2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but  
131.2 includes the land and any taxable structures, fixtures, and equipment on the land;

131.3 (3) the property is not used for a revenue-producing activity for more than ten days in  
131.4 each calendar year; and

131.5 (4) the property is not used for residential purposes on either a temporary or permanent  
131.6 basis.

131.7 Notwithstanding section 272.025, applications for exemptions under this subdivision  
131.8 filed in assessment year 2019 must be filed with the assessor by July 1, 2019.

131.9 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2019.

131.10 Sec. 9. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to  
131.11 read:

131.12 **Subd. 102. Certain property owned by an Indian tribe.** (a) Property is exempt that:

131.13 (1) is located in a city of the first class with a population of more than 380,000 as of the  
131.14 2010 federal census;

131.15 (2) was on January 1, 2016, and is for the current assessment, owned by a federally  
131.16 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;  
131.17 and

131.18 (3) is used exclusively as a pharmacy.

131.19 (b) Property that qualifies for the exemption under this subdivision is limited to parcels  
131.20 and structures that do not exceed, in the aggregate, 4,000 square feet. Property acquired for  
131.21 single-family housing, market-rate apartments, agriculture, or forestry does not qualify for  
131.22 this exemption. The exemption created by this subdivision expires with taxes payable in  
131.23 2029.

131.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020  
131.25 and thereafter.

131.26 Sec. 10. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to  
131.27 read:

131.28 **Subd. 103. Charitable farmland.** Property owned by an organization exempt under  
131.29 subdivision 4, 6, or 58 and used in the production of agricultural products as defined in  
131.30 section 273.13, subdivision 23, is exempt, provided that any proceeds from the sale of the

132.1 agricultural products are used to support the mission of an organization exempt under  
132.2 subdivision 4, 6, or 58.

132.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
132.4 in 2020.

132.5 Sec. 11. Minnesota Statutes 2018, section 272.115, subdivision 1, is amended to read:

132.6 Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7,  
132.7 whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by  
132.8 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,  
132.9 grantee or the legal agent of either shall file a certificate of value with the county auditor  
132.10 in the county in which the property is located when the deed or other document is presented  
132.11 for recording. Contract for deeds are subject to recording under section 507.235, subdivision  
132.12 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration  
132.13 thereof, paid or to be paid, including the amount of any lien or liens assumed. The items  
132.14 and value of personal property transferred with the real property must be listed and deducted  
132.15 from the sale price. The certificate of value shall include the classification to which the  
132.16 property belongs for the purpose of determining the fair market value of the property, and  
132.17 shall include any proposed change in use of the property known to the person filing the  
132.18 certificate that could change the classification of the property. The certificate shall include  
132.19 financing terms and conditions of the sale which are necessary to determine the actual,  
132.20 present value of the sale price for purposes of the sales ratio study. If the property is being  
132.21 acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code  
132.22 of 1986, as amended through December 31, 2006, that must be indicated on the certificate.  
132.23 The commissioner of revenue shall promulgate administrative rules specifying the financing  
132.24 terms and conditions which must be included on the certificate. The certificate of value  
132.25 must include the Social Security number or the federal employer identification number of  
132.26 the grantors and grantees. However, a married person who is not an owner of record and  
132.27 who is signing a conveyance instrument along with the person's spouse solely to release  
132.28 and convey their marital interest, if any, in the real property being conveyed is not a grantor  
132.29 for the purpose of the preceding sentence. A statement in the deed that is substantially in  
132.30 the following form is sufficient to allow the county auditor to accept a certificate for filing  
132.31 without the Social Security number of the named spouse: "(Name) claims no ownership  
132.32 interest in the real property being conveyed and is executing this instrument solely to release  
132.33 and convey a marital interest, if any, in that real property." The identification numbers of  
132.34 the grantors and grantees are private data on individuals or nonpublic data as defined in  
132.35 section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or

133.1 nonpublic data may be disclosed to the commissioner of revenue for purposes of tax  
133.2 administration. The information required to be shown on the certificate of value is limited  
133.3 to the information required as of the date of the acknowledgment on the deed or other  
133.4 document to be recorded.

133.5 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
133.6 December 31, 2019.

133.7 Sec. 12. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

133.8 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~  
133.9 are as follows:

133.10 (1) to make all assessments, based upon the appraised values reported by the local  
133.11 assessors or assistants and the county assessor's own knowledge of the value of the property  
133.12 assessed;

133.13 (2) to personally view and determine the value of any property ~~which~~ that because of  
133.14 its type or character may be difficult for the local assessor to appraise;

133.15 (3) to make all changes ordered by the local boards of review, relative to the net tax  
133.16 capacity of the property of any individual, firm or corporation after notice has been given  
133.17 and hearings held as provided by law;

133.18 (4) to enter all assessments in the assessment books, furnished by the county auditor,  
133.19 with each book and the tabular statements for each book in correct balance;

133.20 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the  
133.21 commissioner of revenue;

133.22 (6) to attend the meeting of the county board of equalization; to investigate and report  
133.23 on any assessment ordered by said board; to enter all changes made by said board in the  
133.24 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~  
133.25 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);  
133.26 to enter all changes made by the State Board of Equalization in the assessment books; to  
133.27 deduct all exemptions authorized by law from each assessment and certify to the county  
133.28 auditor the taxable value of each parcel of land, as described and listed in the assessment  
133.29 books by the county auditor, and the taxable value of the personal property of each person,  
133.30 firm, or corporation assessed;

133.31 (7) to investigate and make recommendations relative to all applications for the abatement  
133.32 of taxes or applications for the reduction of the net tax capacity of any property; and

134.1 (8) to perform all other duties relating to the assessment of property for the purpose of  
134.2 taxation which may be required by the commissioner of revenue.

134.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

134.4 Sec. 13. Minnesota Statutes 2018, section 273.0755, is amended to read:

134.5 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

134.6 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed  
134.7 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall  
134.8 successfully complete a weeklong Minnesota laws course sponsored by the Department of  
134.9 Revenue at least once in every four-year period. An assessor need not attend the course if  
134.10 they successfully pass the test for the course.

134.11 (b) The commissioner of revenue may require that each county, and each city for which  
134.12 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's  
134.13 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an  
134.14 officer or employee who is certified by the Department of Revenue in tax calculations, and  
134.15 ~~(iii)~~ (3) an officer or employee who is certified by the Department of Revenue in the proper  
134.16 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~  
134.17 ~~county have an officer or employee who is certified by the Department of Revenue in the~~  
134.18 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under  
134.19 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after  
134.20 four years.

134.21 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
134.22 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
134.23 in a seminar that focuses on ethics, professional conduct and the need for standardized  
134.24 assessment practices developed and presented by the commissioner of revenue. This  
134.25 requirement must be met at least once in every subsequent four-year period. This requirement  
134.26 applies to all assessors licensed for one year or more in the four-year period.

134.27 (d) When the commissioner of revenue determines that an individual or board that  
134.28 performs functions related to property tax administration has performed those functions in  
134.29 a manner that is not uniform or equitable, the commissioner may require that the individual  
134.30 or members of the board complete supplemental training. The commissioner may not require  
134.31 that an individual complete more than 32 hours of supplemental training pursuant to this  
134.32 paragraph. If the individual is required to complete supplemental training due to that  
134.33 individual's membership on a local or county board of appeal and equalization, the

135.1 commissioner may not require that the individual complete more than two hours of  
135.2 supplemental training.

135.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

135.4 Sec. 14. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

135.5 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the  
135.6 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~  
135.7 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax  
135.8 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments  
135.9 must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review  
135.10 the certifications to determine their accuracy. The commissioner may make the changes in  
135.11 the certification that are considered necessary or return a certification to the county auditor  
135.12 for corrections. The commissioner shall reimburse each taxing district, other than school  
135.13 districts, for the taxes lost. The payments must be made at the time provided in section  
135.14 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax  
135.15 is distributed. Reimbursements to school districts must be made as provided in section  
135.16 273.1392. The amount necessary to make the reimbursements under this section is annually  
135.17 appropriated from the general fund to the commissioner of revenue.

135.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

135.19 Sec. 15. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

135.20 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the  
135.21 county conservation account created in section 40A.152 to the county revenue fund to  
135.22 reimburse the fund for the cost of the property tax credit. The county auditor shall certify  
135.23 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~  
135.24 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of  
135.25 tax lost to the county from the property tax credit under subdivision 1 and the extent that  
135.26 the tax lost exceeds funds available in the county conservation account. Any prior year  
135.27 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue  
135.28 shall review the certifications to determine their accuracy. The commissioner may make  
135.29 the changes in the certification that are considered necessary or return a certification to the  
135.30 county auditor for corrections. The commissioner shall reimburse each taxing district, other  
135.31 than school districts, from the Minnesota conservation fund under section 40A.151 for the  
135.32 taxes lost in excess of the county account. The payments must be made at the time provided

136.1 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion  
136.2 that the ad valorem tax is distributed.

136.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

136.4 Sec. 16. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

136.5 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a  
136.6 geographic area for which:

136.7 (1)(i) the president of the United States, the secretary of agriculture, or the administrator  
136.8 of the Small Business Administration has determined that a disaster exists pursuant to federal  
136.9 law, or

136.10 (ii) a local emergency has been declared pursuant to section 12.29; and

136.11 (2) an application by the local unit of government requesting property tax relief under  
136.12 this section has been received by the governor and approved by the executive council.

136.13 (b) The executive council must not approve an application unless:

136.14 (1) a completed disaster survey is included; and

136.15 (2) within the boundaries of the applicant, (i) the average damage for the buildings that  
136.16 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,  
136.17 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent  
136.18 of the total taxable market value of buildings for the applicant as reported to the commissioner  
136.19 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the  
136.20 assessment in the year prior to the year of the damage.

136.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

136.22 Sec. 17. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

136.23 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
136.24 is owned by a corporation or association organized under chapter 308A or 308B, and each  
136.25 person who owns a share or shares in the corporation or association is entitled to occupy a  
136.26 lot within the park, the corporation or association may claim homestead treatment for the  
136.27 park. Each lot must be designated by legal description or number, and each lot is limited to  
136.28 not more than one-half acre of land.

136.29 (b) The manufactured home park shall be entitled to homestead treatment if all of the  
136.30 following criteria are met:



137.1 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
137.2 property taxes and any special assessments levied against the land and structure either  
137.3 directly, or indirectly through dues to the corporation or association; and

137.4 (2) the corporation or association organized under chapter 308A or 308B is wholly  
137.5 owned by persons having a right to occupy a lot owned by the corporation or association.

137.6 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
137.7 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
137.8 qualifies for homestead treatment with respect to a manufactured home park if its members  
137.9 hold residential participation warrants entitling them to occupy a lot in the manufactured  
137.10 home park.

137.11 (d) "Homestead treatment" under this subdivision means the classification rate provided  
137.12 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause  
137.13 (5), item (ii), and the homestead market value exclusion under section 273.13, subdivision  
137.14 35, does not apply and the property taxes assessed against the park shall not be included in  
137.15 the determination of taxes payable for rent paid under section 290A.03.

137.16 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable  
137.17 in 2020.

137.18 Sec. 18. Minnesota Statutes 2018, section 273.124, subdivision 14, is amended to read:

137.19 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten  
137.20 acres that is the homestead of its owner must be classified as class 2a under section 273.13,  
137.21 subdivision 23, paragraph (a), if:

137.22 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
137.23 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife  
137.24 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
137.25 taxes are paid under sections 477A.11 to 477A.14;

137.26 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20  
137.27 acres;

137.28 (3) the noncontiguous land is located not farther than four townships or cities, or a  
137.29 combination of townships or cities from the homestead; and

137.30 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to  
137.31 at least 50 percent of the market value of the house, garage, and one acre of land.

138.1 Homesteads initially classified as class 2a under the provisions of this paragraph shall  
138.2 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining  
138.3 properties, as long as the homestead remains under the same ownership, the owner owns a  
138.4 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use  
138.5 value qualifies under clause (4). Homestead classification under this paragraph is limited  
138.6 to property that qualified under this paragraph for the 1998 assessment.

138.7 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same  
138.8 extent as other agricultural homestead property, if all of the following criteria are met:

138.9 (1) the agricultural property consists of at least 40 acres including undivided government  
138.10 lots and correctional 40's;

138.11 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner  
138.12 or of the owner's spouse, is actively farming the agricultural property, either on the person's  
138.13 own behalf as an individual or on behalf of a partnership operating a family farm, family  
138.14 farm corporation, joint family farm venture, or limited liability company of which the person  
138.15 is a partner, shareholder, or member;

138.16 (3) both the owner of the agricultural property and the person who is actively farming  
138.17 the agricultural property under clause (2), are Minnesota residents;

138.18 (4) neither the owner nor the spouse of the owner claims another agricultural homestead  
138.19 in Minnesota; and

138.20 (5) neither the owner nor the person actively farming the agricultural property lives  
138.21 farther than four townships or cities, or a combination of four townships or cities, from the  
138.22 agricultural property, except that if the owner or the owner's spouse is required to live in  
138.23 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
138.24 the agricultural property, may live more than four townships or cities, or combination of  
138.25 four townships or cities from the agricultural property.

138.26 The relationship under this paragraph may be either by blood or marriage.

138.27 ~~(ii) Agricultural property held by a trustee under a trust is eligible for agricultural~~  
138.28 ~~homestead classification under this paragraph if the qualifications in clause (i) are met,~~  
138.29 ~~except that "owner" means the grantor of the trust.~~

138.30 ~~(iii)~~ Property containing the residence of an owner who owns qualified property under  
138.31 clause (i) shall be classified as part of the owner's agricultural homestead, if that property  
138.32 is also used for noncommercial storage or drying of agricultural crops.

139.1 ~~(iv)~~ (iii) As used in this paragraph, "agricultural property" means class 2a property and  
139.2 any class 2b property that is contiguous to and under the same ownership as the class 2a  
139.3 property.

139.4 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,  
139.5 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached  
139.6 land is located in the same township or city, or not farther than four townships or cities or  
139.7 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must  
139.8 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,  
139.9 and, if the homestead is located in another county, the taxpayer must also notify the assessor  
139.10 of the other county.

139.11 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
139.12 holding a vested remainder interest in it must be classified as a homestead under section  
139.13 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
139.14 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
139.15 interests who are actively engaged in farming the property, and up to one acre of the land  
139.16 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
139.17 must also be assessed class 2a.

139.18 (e) Agricultural land and buildings that were class 2a homestead property under section  
139.19 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
139.20 agricultural homesteads for subsequent assessments if:

139.21 (1) the property owner abandoned the homestead dwelling located on the agricultural  
139.22 homestead as a result of the April 1997 floods;

139.23 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or  
139.24 Wilkin;

139.25 (3) the agricultural land and buildings remain under the same ownership for the current  
139.26 assessment year as existed for the 1997 assessment year and continue to be used for  
139.27 agricultural purposes;

139.28 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles  
139.29 of one of the parcels of agricultural land that is owned by the taxpayer; and

139.30 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,  
139.31 and the owner furnishes the assessor any information deemed necessary by the assessor in  
139.32 verifying the change in dwelling. Further notifications to the assessor are not required if the

140.1 property continues to meet all the requirements in this paragraph and any dwellings on the  
140.2 agricultural land remain uninhabited.

140.3 (f) Agricultural land and buildings that were class 2a homestead property under section  
140.4 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
140.5 agricultural homesteads for subsequent assessments if:

140.6 (1) the property owner abandoned the homestead dwelling located on the agricultural  
140.7 homestead as a result of damage caused by a March 29, 1998, tornado;

140.8 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,  
140.9 Nicollet, Nobles, or Rice;

140.10 (3) the agricultural land and buildings remain under the same ownership for the current  
140.11 assessment year as existed for the 1998 assessment year;

140.12 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
140.13 one of the parcels of agricultural land that is owned by the taxpayer; and

140.14 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
140.15 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
140.16 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
140.17 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
140.18 are not required if the property continues to meet all the requirements in this paragraph and  
140.19 any dwellings on the agricultural land remain uninhabited.

140.20 (g) Agricultural property of a family farm corporation, joint family farm venture, family  
140.21 farm limited liability company, or partnership operating a family farm as described under  
140.22 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead  
140.23 property, if all of the following criteria are met:

140.24 (1) the property consists of at least 40 acres including undivided government lots and  
140.25 correctional 40's;

140.26 (2) a shareholder, member, or partner of that entity is actively farming the agricultural  
140.27 property;

140.28 (3) that shareholder, member, or partner who is actively farming the agricultural property  
140.29 is a Minnesota resident;

140.30 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,  
140.31 member, or partner claims another agricultural homestead in Minnesota; and

141.1 (5) that shareholder, member, or partner does not live farther than four townships or  
141.2 cities, or a combination of four townships or cities, from the agricultural property.

141.3 Homestead treatment applies under this paragraph for property leased to a family farm  
141.4 corporation, joint farm venture, limited liability company, or partnership operating a family  
141.5 farm if legal title to the property is in the name of an individual who is a member, shareholder,  
141.6 or partner in the entity.

141.7 (h) To be eligible for the special agricultural homestead under this subdivision, an initial  
141.8 full application must be submitted to the county assessor where the property is located.  
141.9 Owners and the persons who are actively farming the property shall be required to complete  
141.10 only a one-page abbreviated version of the application in each subsequent year provided  
141.11 that none of the following items have changed since the initial application:

141.12 (1) the day-to-day operation, administration, and financial risks remain the same;

141.13 (2) the owners and the persons actively farming the property continue to live within the  
141.14 four townships or city criteria and are Minnesota residents;

141.15 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

141.16 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

141.17 (5) the property's acreage is unchanged; and

141.18 (6) none of the property's acres have been enrolled in a federal or state farm program  
141.19 since the initial application.

141.20 The owners and any persons who are actively farming the property must include the  
141.21 appropriate Social Security numbers, and sign and date the application. If any of the specified  
141.22 information has changed since the full application was filed, the owner must notify the  
141.23 assessor, and must complete a new application to determine if the property continues to  
141.24 qualify for the special agricultural homestead. The commissioner of revenue shall prepare  
141.25 a standard reapplication form for use by the assessors.

141.26 (i) Agricultural land and buildings that were class 2a homestead property under section  
141.27 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
141.28 agricultural homesteads for subsequent assessments if:

141.29 (1) the property owner abandoned the homestead dwelling located on the agricultural  
141.30 homestead as a result of damage caused by the August 2007 floods;

141.31 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,  
141.32 Wabasha, or Winona;

142.1 (3) the agricultural land and buildings remain under the same ownership for the current  
142.2 assessment year as existed for the 2007 assessment year;

142.3 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
142.4 one of the parcels of agricultural land that is owned by the taxpayer; and

142.5 (5) the owner notifies the county assessor that the relocation was due to the August 2007  
142.6 floods, and the owner furnishes the assessor any information deemed necessary by the  
142.7 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
142.8 owner must notify the assessor by December 1, 2008. Further notifications to the assessor  
142.9 are not required if the property continues to meet all the requirements in this paragraph and  
142.10 any dwellings on the agricultural land remain uninhabited.

142.11 (j) Agricultural land and buildings that were class 2a homestead property under section  
142.12 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
142.13 agricultural homesteads for subsequent assessments if:

142.14 (1) the property owner abandoned the homestead dwelling located on the agricultural  
142.15 homestead as a result of the March 2009 floods;

142.16 (2) the property is located in the county of Marshall;

142.17 (3) the agricultural land and buildings remain under the same ownership for the current  
142.18 assessment year as existed for the 2008 assessment year and continue to be used for  
142.19 agricultural purposes;

142.20 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles  
142.21 of one of the parcels of agricultural land that is owned by the taxpayer; and

142.22 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
142.23 and the owner furnishes the assessor any information deemed necessary by the assessor in  
142.24 verifying the change in dwelling. Further notifications to the assessor are not required if the  
142.25 property continues to meet all the requirements in this paragraph and any dwellings on the  
142.26 agricultural land remain uninhabited.

142.27 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
142.28 2020.

142.29 Sec. 19. Minnesota Statutes 2018, section 273.124, subdivision 21, is amended to read:

142.30 Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural  
142.31 property, held by a trustee under a trust is eligible for classification as homestead property  
142.32 if the property satisfies the requirements of paragraph (a), (b), (c), ~~or (d)~~, or (e).

143.1 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the  
143.2 property as a homestead.

143.3 (b) A relative or surviving relative of the grantor who meets the requirements of  
143.4 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph

143.5 (d), in the case of agricultural property, occupies and uses the property as a homestead.

143.6 (c) A family farm corporation, joint farm venture, limited liability company, or partnership  
143.7 operating a family farm in which the grantor or the grantor's surviving spouse is a  
143.8 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,  
143.9 or partner of the corporation, joint farm venture, limited liability company, or partnership  
143.10 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,  
143.11 including undivided government lots and correctional 40's, and a shareholder, member, or  
143.12 partner of the tenant-entity is actively farming the property on behalf of the corporation,  
143.13 joint farm venture, limited liability company, or partnership.

143.14 (d) A person who has received homestead classification for property taxes payable in  
143.15 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
143.16 occupy the property as that person's homestead and who continues to use the property as a  
143.17 homestead; or, a person who received the homestead classification for taxes payable in 2005  
143.18 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
143.19 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
143.20 in 2005.

143.21 (e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For  
143.22 purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse  
143.23 of the grantor.

143.24 (f) For purposes of this subdivision, the following terms have the meanings given them:

143.25 (1) "agricultural property" means the house, garage, other farm buildings and structures,  
143.26 and agricultural land;

143.27 (2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except  
143.28 that the phrases "owned by same person" or "under the same ownership" as used in that  
143.29 subdivision mean and include contiguous tax parcels owned by:

143.30 (i) an individual and a trust of which the individual, the individual's spouse, or the  
143.31 individual's deceased spouse is the grantor; or

143.32 (ii) different trusts of which the grantors of each trust are any combination of an  
143.33 individual, the individual's spouse, or the individual's deceased spouse; and

144.1 ~~For purposes of this subdivision, (3) "grantor" is defined as~~ means the person creating  
144.2 or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written  
144.3 instrument or through the exercise of a power of appointment.

144.4 (g) Noncontiguous agricultural land is included as part of a homestead under this  
144.5 subdivision, only if the homestead is classified as class 2a, as defined in section 273.13,  
144.6 subdivision 23, and the detached land is located in the same township or city, or not farther  
144.7 than four townships or cities or combination thereof from the homestead. Any taxpayer of  
144.8 these noncontiguous lands must notify the county assessor that the noncontiguous land is  
144.9 part of the taxpayer's homestead, and, if the homestead is located in another county, the  
144.10 taxpayer must also notify the assessor of the other county.

144.11 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
144.12 2020.

144.13 Sec. 20. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision  
144.14 to read:

144.15 Subd. 23. **Fractional homesteads.** In the case of property that is classified as part  
144.16 homestead and part nonhomestead solely because not all the owners occupy or farm the  
144.17 property, not all the owners have qualifying relatives occupying or farming the property,  
144.18 or not all the spouses of owners occupy the property, the portions of property classified as  
144.19 part homestead and part nonhomestead must correspond to the ownership percentages that  
144.20 each owner has in the property, as determined by the land records in the county recorder's  
144.21 office or registrar of titles. If the ownership percentages of each owner cannot be determined  
144.22 by reference to the land records, the portions of property classified as part homestead and  
144.23 part nonhomestead must correspond to the ownership percentages each owner would have  
144.24 if they each owned an equal share of the property.

144.25 **EFFECTIVE DATE.** This section is effective for assessments beginning in 2019.

144.26 Sec. 21. Minnesota Statutes 2018, section 273.1245, subdivision 2, is amended to read:

144.27 Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to  
144.28 the commissioner of revenue as provided by law. The assessor shall also disclose all or  
144.29 portions of the data described in subdivision 1 to:

144.30 (1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture  
144.31 Act to recover personal property taxes owing; and



145.1 (2) the county veterans service officer for the purpose of determining a person's eligibility  
145.2 for the disabled veteran's homestead market value exclusion under section 273.13, subdivision  
145.3 34.

145.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

145.5 Sec. 22. **[273.129] ELDERLY LIVING FACILITY DEFERRAL.**

145.6 Subdivision 1. **Requirements.** An elderly living facility is eligible for tax deferral  
145.7 under this section if it meets all of the following requirements:

145.8 (1) the facility is located in a city of the first class with a population of fewer than  
145.9 110,000;

145.10 (2) the facility is owned and operated by a nonprofit organization organized under section  
145.11 501(c)(3) of the Internal Revenue Code;

145.12 (3) construction of the facility was completed between January 1, 1963, and January 1,  
145.13 1964;

145.14 (4) the facility has a housing with services license under chapter 144D and a  
145.15 comprehensive home care license under chapter 144A;

145.16 (5) residents of the facility must be (i) at least 62 years of age, or (ii) disabled; and

145.17 (6) at least 30 percent of the units in the facility are occupied by persons whose annual  
145.18 income does not exceed 50 percent of the median family income for the area.

145.19 Subd. 2. **Deferral of taxes.** Property meeting the requirements of subdivision 1 must,  
145.20 upon timely application by the owner in the manner provided in subdivision 3, be treated  
145.21 as exempt property as defined in section 272.02. However, the assessor must make a separate  
145.22 determination of market value of such property and the tax based upon the appropriate tax  
145.23 rate applicable to such property in the taxing district must be recorded on the property  
145.24 assessment records.

145.25 Subd. 3. **Application.** Application for the deferral of taxes under this section must be  
145.26 filed by December 1 of the year prior to the year in which the taxes are payable. Any  
145.27 application filed under this subdivision and granted shall continue in effect for subsequent  
145.28 years until the property no longer qualifies. The application must be filed with the assessor  
145.29 in the taxing district in which the property is located on the form prescribed by the  
145.30 commissioner of revenue. Property meeting the application requirements under this  
145.31 subdivision is not subject to the application requirements under section 272.025.

146.1 Subd. 4. **Payment of taxes.** Property receiving the tax deferral under this section  
146.2 continues to qualify until it is sold, transferred, or no longer qualifies under subdivision 1.  
146.3 The portion of the property that is sold, transferred, or no longer qualifying under subdivision  
146.4 1 is subject to taxes in the amount equal to the tax that would have been due on the property  
146.5 had it not been treated as exempt property under subdivision 2. These taxes must be extended  
146.6 against the property for taxes payable in the current year, plus the four prior years, to the  
146.7 extent that the property has qualified for a tax deferral under this section. No interest or  
146.8 penalties shall be levied on the taxes due under this subdivision if timely paid.

146.9 Subd. 5. **Lien.** The taxes imposed by this section are a lien upon the property assessed  
146.10 to the same extent and for the same duration as other taxes imposed on the property in this  
146.11 state. The tax shall be annually extended by the county auditor and if and when payable  
146.12 shall be collected and distributed in the manner provided by law for the collection and  
146.13 distribution of other property taxes.

146.14 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
146.15 in 2020.

146.16 Sec. 23. Minnesota Statutes 2018, section 273.13, subdivision 23, is amended to read:

146.17 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
146.18 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
146.19 2a land under the same ownership. The market value of the house and garage and immediately  
146.20 surrounding one acre of land has the same classification rates as class 1a or 1b property  
146.21 under subdivision 22. The value of the remaining land including improvements up to the  
146.22 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
146.23 percent of market value. The remaining property over the first tier has a classification rate  
146.24 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
146.25 limit of agricultural homestead property" and "first tier" means the limit certified under  
146.26 section 273.11, subdivision 23.

146.27 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
146.28 are agricultural land and buildings. Class 2a property has a classification rate of one percent  
146.29 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
146.30 property must also include any property that would otherwise be classified as 2b, but is  
146.31 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
146.32 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
146.33 and other similar land that is impractical for the assessor to value separately from the rest  
146.34 of the property or that is unlikely to be able to be sold separately from the rest of the property.

147.1 An assessor may classify the part of a parcel described in this subdivision that is used  
147.2 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

147.3 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
147.4 are unplatted real estate, rural in character and not used for agricultural purposes, including  
147.5 land used for growing trees for timber, lumber, and wood and wood products, that is not  
147.6 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
147.7 defined by the commissioner of revenue does not disqualify the property from classification  
147.8 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
147.9 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
147.10 assigned to the split parcel containing the structure. Class 2b property has a classification  
147.11 rate of one percent of market value unless it is part of an agricultural homestead under  
147.12 paragraph (a), or qualifies as class 2c under paragraph (d).

147.13 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
147.14 acres statewide per taxpayer that is being managed under a forest management plan that  
147.15 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
147.16 management incentive program. It has a classification rate of .65 percent, provided that the  
147.17 owner of the property must apply to the assessor in order for the property to initially qualify  
147.18 for the reduced rate and provide the information required by the assessor to verify that the  
147.19 property qualifies for the reduced rate. If the assessor receives the application and information  
147.20 before May 1 in an assessment year, the property qualifies beginning with that assessment  
147.21 year. If the assessor receives the application and information after April 30 in an assessment  
147.22 year, the property may not qualify until the next assessment year. The commissioner of  
147.23 natural resources must concur that the land is qualified. The commissioner of natural  
147.24 resources shall annually provide county assessors verification information on a timely basis.  
147.25 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
147.26 of revenue does not disqualify the property from classification under this paragraph.

147.27 (e) Agricultural land as used in this section means:

147.28 (1) contiguous acreage of ten acres or more, used during the preceding year for  
147.29 agricultural purposes; or

147.30 (2) contiguous acreage used during the preceding year for an intensive livestock or  
147.31 poultry confinement operation, provided that land used only for pasturing or grazing does  
147.32 not qualify under this clause.

147.33 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
147.34 storage of agricultural products for sale, or the storage of machinery or equipment used in

148.1 support of agricultural production by the same farm entity. For a property to be classified  
148.2 as agricultural based only on the drying or storage of agricultural products, the products  
148.3 being dried or stored must have been produced by the same farm entity as the entity operating  
148.4 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
148.5 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
148.6 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
148.7 or a similar state or federal conservation program if the property was classified as agricultural  
148.8 ~~(+)~~ (A) under this subdivision for taxes payable in 2003 because of its enrollment in a  
148.9 qualifying program and the land remains enrolled or ~~(+)~~ (B) in the year prior to its enrollment,  
148.10 or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer  
148.11 strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion.  
148.12 For purposes of this section, a "local conservation program" means a program administered  
148.13 by a town, statutory or home rule charter city, or county, including a watershed district,  
148.14 water management organization, or soil and water conservation district, in which landowners  
148.15 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
148.16 exchange for use or other restrictions placed on the land. In order for property to qualify  
148.17 under the local conservation program provision, a taxpayer must apply to the assessor by  
148.18 February 1 of the assessment year and must submit the information required by the assessor,  
148.19 including but not limited to a copy of the program requirements, the specific agreement  
148.20 between the land owner and the local agency, if applicable, and a map of the conservation  
148.21 area. Agricultural classification shall not be based upon the market value of any residential  
148.22 structures on the parcel or contiguous parcels under the same ownership.

148.23 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
148.24 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
148.25 of, a set of contiguous tax parcels under that section that are owned by the same person.

148.26 (f) Agricultural land under this section also includes:

148.27 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
148.28 preceding year for raising or cultivating agricultural products; or

148.29 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the  
148.30 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was  
148.31 used in the preceding year for one or more of the following three uses:

148.32 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
148.33 equipment storage activities used to support agricultural activities on other parcels of property  
148.34 operated by the same farming entity;

149.1 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock  
149.2 are considered agricultural land; or

149.3 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
149.4 means the cultivation of one or more fruits or vegetables or production of animal or other  
149.5 agricultural products for sale to local markets by the farmer or an organization with which  
149.6 the farmer is affiliated.

149.7 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
149.8 described in section 272.193, or all of a set of contiguous tax parcels under that section that  
149.9 are owned by the same person.

149.10 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use  
149.11 of that property is the leasing to, or use by another person for agricultural purposes.

149.12 Classification under this subdivision is not determinative for qualifying under section  
149.13 273.111.

149.14 (h) The property classification under this section supersedes, for property tax purposes  
149.15 only, any locally administered agricultural policies or land use restrictions that define  
149.16 minimum or maximum farm acreage.

149.17 (i) The term "agricultural products" as used in this subdivision includes production for  
149.18 sale of:

149.19 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
149.20 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,  
149.21 and apiary products by the owner;

149.22 (2) aquacultural products for sale and consumption, as defined under section 17.47, if  
149.23 the aquaculture occurs on land zoned for agricultural use;

149.24 (3) the commercial boarding of horses, which may include related horse training and  
149.25 riding instruction, if the boarding is done on property that is also used for raising pasture  
149.26 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

149.27 (4) property which is owned and operated by nonprofit organizations used for equestrian  
149.28 activities, excluding racing;

149.29 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
149.30 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
149.31 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
149.32 birds were raised or used for breeding stock on the property during the preceding year and

150.1 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
150.2 shooting preserve licensed under section 97A.115;

150.3 (6) insects primarily bred to be used as food for animals;

150.4 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
150.5 for timber, lumber, wood, or wood products; and

150.6 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
150.7 Department of Agriculture under chapter 28A as a food processor.

150.8 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
150.9 purposes, including but not limited to:

150.10 (1) wholesale and retail sales;

150.11 (2) processing of raw agricultural products or other goods;

150.12 (3) warehousing or storage of processed goods; and

150.13 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
150.14 (3),

150.15 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
150.16 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

150.17 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
150.18 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
150.19 products are grown that is also used for the conduct of retail sales must be classified as  
150.20 agricultural if it is primarily used for the growing of horticultural or nursery products from  
150.21 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
150.22 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
150.23 products does not qualify as an agricultural purpose.

150.24 (k) The assessor shall determine and list separately on the records the market value of  
150.25 the homestead dwelling and the one acre of land on which that dwelling is located. If any  
150.26 farm buildings or structures are located on this homesteaded acre of land, their market value  
150.27 shall not be included in this separate determination.

150.28 (l) Class 2d airport landing area consists of a landing area or public access area of a  
150.29 privately owned public use airport. It has a classification rate of one percent of market value.  
150.30 To qualify for classification under this paragraph, a privately owned public use airport must  
150.31 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing  
150.32 area" means that part of a privately owned public use airport properly cleared, regularly

151.1 maintained, and made available to the public for use by aircraft and includes runways,  
151.2 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing  
151.3 area also includes land underlying both the primary surface and the approach surfaces that  
151.4 comply with all of the following:

151.5 (i) the land is properly cleared and regularly maintained for the primary purposes of the  
151.6 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities  
151.7 for servicing, repair, or maintenance of aircraft is not included as a landing area;

151.8 (ii) the land is part of the airport property; and

151.9 (iii) the land is not used for commercial or residential purposes.

151.10 The land contained in a landing area under this paragraph must be described and certified  
151.11 by the commissioner of transportation. The certification is effective until it is modified, or  
151.12 until the airport or landing area no longer meets the requirements of this paragraph. For  
151.13 purposes of this paragraph, "public access area" means property used as an aircraft parking  
151.14 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
151.15 airport.

151.16 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
151.17 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
151.18 located in a county that has elected to opt-out of the aggregate preservation program as  
151.19 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
151.20 market value. To qualify for classification under this paragraph, the property must be at  
151.21 least ten contiguous acres in size and the owner of the property must record with the county  
151.22 recorder of the county in which the property is located an affidavit containing:

151.23 (1) a legal description of the property;

151.24 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
151.25 actively being mined but is present on the entire parcel enrolled;

151.26 (3) documentation that the conditional use under the county or local zoning ordinance  
151.27 of this property is for mining; and

151.28 (4) documentation that a permit has been issued by the local unit of government or the  
151.29 mining activity is allowed under local ordinance. The disclosure must include a statement  
151.30 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
151.31 and certifying that it is a commercial aggregate deposit.

151.32 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
151.33 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as

152.1 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
152.2 in preparation for excavation or excavation of a commercial deposit.

152.3 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
152.4 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
152.5 day any aggregate is removed stating the number of acres of the property that is actively  
152.6 being mined. The acres actively being mined must be (1) valued and classified under  
152.7 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
152.8 resource preservation property tax program under section 273.1115, if the land was enrolled  
152.9 in that program. Copies of the original affidavit and all supplemental affidavits must be  
152.10 filed with the county assessor, the local zoning administrator, and the Department of Natural  
152.11 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
152.12 time a subsequent portion of the property is actively mined, provided that the minimum  
152.13 acreage change is five acres, even if the actual mining activity constitutes less than five  
152.14 acres.

152.15 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not  
152.16 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in  
152.17 section 14.386 concerning exempt rules do not apply.

152.18 **EFFECTIVE DATE.** This section is effective for assessment year 2019 and thereafter.

152.19 Sec. 24. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

152.20 Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of  
152.21 the market value of property owned by a veteran and serving as the veteran's homestead  
152.22 under this section is excluded in determining the property's taxable market value if the  
152.23 veteran has a service-connected disability of 70 percent or more as certified by the United  
152.24 States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the  
152.25 veteran must have been honorably discharged from the United States armed forces, as  
152.26 indicated by United States Government Form DD214 or other official military discharge  
152.27 papers.

152.28 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,  
152.29 except as provided in clause (2); and

152.30 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is  
152.31 excluded.

152.32 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
152.33 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds



153.1 the legal or beneficial title to the homestead and permanently resides there, the exclusion  
153.2 shall carry over to the benefit of the veteran's spouse ~~for the current taxes payable year and~~  
153.3 ~~for eight additional taxes payable years~~ or until such time as the spouse remarries, or sells,  
153.4 transfers, or otherwise disposes of the property, ~~whichever comes first~~ except as otherwise  
153.5 provided in paragraph (n). Qualification under this paragraph requires an application under  
153.6 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's  
153.7 marital status, ownership of the property, or use of the property as a permanent residence.

153.8 (d) If the spouse of a member of any branch or unit of the United States armed forces  
153.9 who dies due to a service-connected cause while serving honorably in active service, as  
153.10 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
153.11 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
153.12 benefit described in paragraph (b), clause (2), ~~for eight taxes payable years, or~~ until such  
153.13 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,  
153.14 ~~whichever comes first~~ except as otherwise provided in paragraph (n).

153.15 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property  
153.16 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary  
153.17 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify  
153.18 for under paragraph (b).

153.19 (f) In the case of an agricultural homestead, only the portion of the property consisting  
153.20 of the house and garage and immediately surrounding one acre of land qualifies for the  
153.21 valuation exclusion under this subdivision.

153.22 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible  
153.23 for the market value exclusion under subdivision 35, or classification under subdivision 22,  
153.24 paragraph (b).

153.25 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
153.26 apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the  
153.27 exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion  
153.28 shall become effective for the following assessment year. Except as provided in paragraph  
153.29 (c), the owner of a property that has been accepted for a valuation exclusion must notify  
153.30 the assessor if there is a change in ownership of the property or in the use of the property  
153.31 as a homestead. When a property qualifying for a market value exclusion under this  
153.32 subdivision is sold or transferred, the exclusion must be removed for the current assessment  
153.33 year, provided that the new owner may file a claim for an exclusion if eligible.

154.1 (i) A first-time application by a qualifying spouse for the market value exclusion under  
154.2 paragraph (d) must be made any time within two years of the death of the service member.

154.3 (j) For purposes of this subdivision:

154.4 (1) "active service" has the meaning given in section 190.05;

154.5 (2) "own" means that the person's name is present as an owner on the property deed;

154.6 (3) "primary family caregiver" means a person who is approved by the secretary of the  
154.7 United States Department of Veterans Affairs for assistance as the primary provider of  
154.8 personal care services for an eligible veteran under the Program of Comprehensive Assistance  
154.9 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

154.10 (4) "veteran" has the meaning given the term in section 197.447.

154.11 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
154.12 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
154.13 under paragraph (b), clause (2), ~~for eight taxes payable years or~~ until the spouse remarries  
154.14 or sells, transfers, or otherwise disposes of the property, except as otherwise provided in  
154.15 paragraph (n), if:

154.16 (1) the spouse files a first-time application within two years of the death of the service  
154.17 member or by June 1, 2019, whichever is later;

154.18 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
154.19 homestead and permanently resides there;

154.20 (3) the veteran met the honorable discharge requirements of paragraph (a); and

154.21 (4) the United States Department of Veterans Affairs certifies that:

154.22 (i) the veteran met the total (100 percent) and permanent disability requirement under  
154.23 paragraph (b), clause (2); or

154.24 (ii) the spouse has been awarded dependency and indemnity compensation.

154.25 (l) The purpose of this provision of law providing a level of homestead property tax  
154.26 relief for gravely disabled veterans, their primary family caregivers, and their surviving  
154.27 spouses is to help ease the burdens of war for those among our state's citizens who bear  
154.28 those burdens most heavily.

154.29 (m) By July 1 for current enrollees and by December 15 for new applications, the county  
154.30 veterans service officer must certify the disability rating and permanent address of each  
154.31 veteran receiving the benefit under paragraph (b) to the assessor.

155.1 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds  
155.2 the legal or beneficial title to the property may continue to receive the exclusion for a  
155.3 property other than the property for which the exclusion was initially granted until the spouse  
155.4 remarries or sells, transfers, or otherwise disposes of the property, provided that:

155.5 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed  
155.6 under this paragraph;

155.7 (2) the spouse holds the legal or beneficial title to the property for which the continuation  
155.8 of the exclusion is sought under this paragraph, and permanently resides there;

155.9 (3) the estimated market value of the property for which the exclusion is sought under  
155.10 this paragraph is less than or equal to the estimated market value of the property that first  
155.11 received the exclusion, based on the value of each property on the date of the sale of the  
155.12 property that first received the exclusion; and

155.13 (4) the spouse has not previously received the benefit under this paragraph for a property  
155.14 other than the property for which the exclusion is sought.

155.15 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2019, for  
155.16 taxes payable in 2020.

155.17 Sec. 25. Minnesota Statutes 2018, section 273.13, subdivision 35, is amended to read:

155.18 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
155.19 net tax capacity under this section, property classified as class 1a or 1b under subdivision  
155.20 22, and the portion of property classified as class 2a under subdivision 23 consisting of the  
155.21 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion  
155.22 as determined under paragraph (b).

155.23 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market  
155.24 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400  
155.25 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or  
155.26 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest  
155.27 whole dollar, and may not be less than zero.

155.28 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
155.29 to determining the amount of the valuation exclusion under this subdivision.

155.30 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
155.31 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
155.32 of a property is classified as nonhomestead solely because not all the owners occupy the

156.1 property, not all the owners have qualifying relatives occupying the property, or solely  
156.2 because not all the spouses of owners occupy the property, the exclusion amount shall be  
156.3 initially computed as if that nonhomestead portion were also in the homestead class and  
156.4 then prorated to the owner-occupant's percentage of ownership, as determined by the land  
156.5 records in the county recorder's office or registrar of titles. If ownership percentages of each  
156.6 owner cannot be determined by reference to the land records, the ownership percentages  
156.7 must be determined as if each owner owned an equal share of the property. For the purpose  
156.8 of this section, when an owner-occupant's spouse does not occupy the property, the  
156.9 percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership  
156.10 percentage.

156.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

156.12 Sec. 26. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

156.13 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall  
156.14 determine, not later than April 1 of each year, the amount of reduction resulting from section  
156.15 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph  
156.16 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~  
156.17 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section  
156.18 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~  
156.19 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall  
156.20 submit to the St. Louis County auditor, on or before April 15, the amount of the first half  
156.21 payment payable hereunder and on or before September 15 the amount of the second half  
156.22 payment.

156.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

156.24 Sec. 27. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

156.25 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural  
156.26 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural  
156.27 credit. The credit is computed using the property's agricultural credit market value, defined  
156.28 for this purpose as the property's market value excluding the market value of the house,  
156.29 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of  
156.30 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the  
156.31 property's agricultural credit market value in excess of \$115,000, subject to a maximum  
156.32 credit of \$490. In the case of property that is classified as part homestead and part  
156.33 nonhomestead solely because not all the owners occupy or farm the property, not all the

157.1 owners have qualifying relatives occupying or farming the property, or solely because not  
 157.2 all the spouses of owners occupy the property, the credit is computed on the amount of  
 157.3 agricultural credit market value corresponding to the owner-occupant's percentage of  
 157.4 ~~homestead. the percentage of homestead is equal to 100 divided by the number of owners~~  
 157.5 ~~of the property, or, in the case of a trust, the number of grantors of the trust that owns the~~  
 157.6 ~~property~~ ownership, as determined by the land records in the county recorder's office or  
 157.7 registrar of titles. If ownership percentages of each owner cannot be determined by reference  
 157.8 to the land records, the ownership percentages must be determined as if each owner owned  
 157.9 an equal share of the property.

157.10 **EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

157.11 Sec. 28. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

157.12 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
 157.13 allowed under subdivision 2 within the county for each taxes payable year and shall certify  
 157.14 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
 157.15 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause  
 157.16 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The  
 157.17 commissioner shall review the certifications for accuracy, and may make such changes as  
 157.18 are deemed necessary, or return the certification to the county auditor for correction. The  
 157.19 credit under this section must be used to proportionately reduce the net tax capacity-based  
 157.20 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

157.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

157.22 Sec. 29. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

157.23 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
 157.24 allowed under this section within the county for each taxes payable year and shall certify  
 157.25 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~  
 157.26 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year  
 157.27 adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall  
 157.28 review the certifications for accuracy, and may make such changes as are deemed necessary,  
 157.29 or return the certification to the county auditor for correction. The credit under this section  
 157.30 must be used to reduce the school district net tax capacity-based property tax as provided  
 157.31 in section 273.1393.

157.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

158.1 Sec. 30. Minnesota Statutes 2018, section 273.18, is amended to read:

158.2 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**  
158.3 **BY COUNTY AUDITORS.**

158.4 (a) In every sixth year after the year 2010, the county auditor shall enter the description  
158.5 of each tract of real property exempt by law from taxation, with the name of the owner, and  
158.6 the assessor shall value and assess the same in the same manner that other real property is  
158.7 valued and assessed, and shall designate in each case the purpose for which the property is  
158.8 used.

158.9 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~  
158.10 ~~7, The county auditor shall include on the abstract of assessment of exempt real property~~  
158.11 ~~filed under this section~~ in the exempt property information that the commissioner may  
158.12 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all  
158.13 natural resources lands for which in lieu payments are made under sections 477A.11 to  
158.14 477A.14. The assessor shall estimate its market value, provided that if the assessor is not  
158.15 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish  
158.16 the commissioner of revenue with an estimate of the average value per acre of this land  
158.17 within the county.

158.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

158.19 Sec. 31. Minnesota Statutes 2018, section 273.371, subdivision 1, is amended to read:

158.20 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,  
158.21 transportation, and pipeline company doing business in Minnesota shall annually file with  
158.22 the commissioner on or before March 31 a report under oath setting forth the information  
158.23 prescribed by the commissioner to enable the commissioner to make valuations,  
158.24 recommended valuations, and equalization required under sections 273.33, 273.35, 273.36,  
158.25 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner  
158.26 of the report pursuant to section 270C.30, except that for cooperative associations defined  
158.27 in section 273.40, the information provided in the report must be aggregated to the unique  
158.28 taxing jurisdiction level and exclude information related to property subject to the in-lieu  
158.29 tax under section 273.41, and that a "law administered by the commissioner" includes the  
158.30 property tax laws. If all the required information is not available on March 31, the company  
158.31 shall file the information that is available on or before March 31, and the balance of the  
158.32 information as soon as it becomes available. If a report is made by electronic means, the  
158.33 taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered  
158.34 by the commissioner" includes the property tax laws. For purposes of this subdivision,

159.1 "unique taxing jurisdiction" means the geographic area subject to the same set of local tax  
159.2 rates.

159.3 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

159.4 Sec. 32. Minnesota Statutes 2018, section 274.14, is amended to read:

159.5 **274.14 LENGTH OF SESSION; RECORD.**

159.6 The board must meet after the second Friday in June on at least one meeting day and  
159.7 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained  
159.8 on the valuation notices mailed to each property owner in the county as provided in section  
159.9 273.121. For this purpose, "meeting days" is defined as any day of the week excluding  
159.10 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken  
159.11 by the county board of review after June 30 is valid, except for corrections permitted in  
159.12 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the  
159.13 proceedings and orders of the board. The record must be published like other proceedings  
159.14 of county commissioners. A copy of the published record must be sent to the commissioner  
159.15 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days  
159.16 following final action of the county board of equalization.

159.17 For counties that conduct either regular board of review meetings or open book meetings,  
159.18 at least one of the meeting days must include a meeting that does not end before 7:00 p.m.  
159.19 For counties that require taxpayer appointments for the board of review, appointments must  
159.20 include some available times that extend until at least 7:00 p.m. The county may have a  
159.21 Saturday meeting in lieu of, or in addition to, the extended meeting times under this  
159.22 paragraph.

159.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

159.24 Sec. 33. Minnesota Statutes 2018, section 274.16, is amended to read:

159.25 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

159.26 The county assessor or, in Ramsey County, the official designated by the board of county  
159.27 commissioners shall calculate the changes of the assessment lists determined by the county  
159.28 board of equalization, and make corrections accordingly, in the real or personal lists, or  
159.29 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's  
159.30 office, and one must be forwarded to the commissioner of revenue as provided in section  
159.31 270C.89.

159.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

160.1 Sec. 34. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

160.2 Subdivision 1. **Levy amount.** The state general levy is levied against  
160.3 commercial-industrial property and seasonal residential recreational property, as defined  
160.4 in this section. The state general levy for commercial-industrial property is ~~\$784,590,000~~<sub>2</sub>  
160.5 for taxes payable in ~~2018~~ 2020 and thereafter, 42.416 percent times the total  
160.6 commercial-industrial tax capacity as assessed in the previous year. The state general levy  
160.7 for seasonal-recreational property is \$44,190,000 for taxes payable in 2018 and thereafter.  
160.8 The tax under this section is not treated as a local tax rate under section 469.177 and is not  
160.9 the levy of a governmental unit under chapters 276A and 473F.

160.10 The commissioner shall increase or decrease the preliminary or final rate for a year as  
160.11 necessary to account for errors and tax base changes that affected a preliminary or final rate  
160.12 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
160.13 information is available to the commissioner at the time the rates for a year must be certified,  
160.14 and for the following reasons:

160.15 (1) an erroneous report of taxable value by a local official;

160.16 (2) an erroneous calculation by the commissioner; and

160.17 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
160.18 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~  
160.19 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~  
160.20 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

160.21 The commissioner may, but need not, make adjustments if the total difference in the tax  
160.22 levied for the year would be less than \$100,000.

160.23 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
160.24 in 2020, except the amendments to clause (3) are effective the day following final enactment.

160.25 Sec. 35. Minnesota Statutes 2018, section 282.01, subdivision 6, is amended to read:

160.26 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the  
160.27 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the  
160.28 commissioner of revenue such information relating to such sale, on such forms as the  
160.29 commissioner of revenue may prescribe as will enable the commissioner of revenue to  
160.30 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is  
160.31 on terms; and not later than October 31 of each year the county auditor shall submit to the  
160.32 commissioner of revenue a statement of all instances wherein any payment of principal,  
160.33 interest, or current taxes on lands held under certificate, due or to be paid during the preceding



161.1 calendar years, are still outstanding at the time such certificate is made. When such statement  
161.2 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue  
161.3 may instruct the county board of the county in which the land is located to cancel said  
161.4 certificate of sale in the manner provided by subdivision 5, provided that upon  
161.5 recommendation of the county board, and where the circumstances are such that the  
161.6 commissioner of revenue after investigation is satisfied that the purchaser has made every  
161.7 effort reasonable to make payment of both the annual installment and said taxes, and that  
161.8 there has been no willful neglect on the part of the purchaser in meeting these obligations,  
161.9 then the commissioner of revenue may extend the time for the payment for such period as  
161.10 the commissioner may deem warranted, not to exceed one year. On payment in full of the  
161.11 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the  
161.12 attorney general, shall be issued by the commissioner of revenue, which conveyance must  
161.13 be recorded by the county and shall have the force and effect of a patent from the state  
161.14 subject to easements and restrictions of record at the date of the tax judgment sale, including,  
161.15 but without limitation, permits for telephone and electric power lines either by underground  
161.16 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for  
161.17 gas, liquids, or solids in suspension.

161.18 (b) The commissioner of revenue shall issue an appropriate conveyance in fee when  
161.19 approval from the county auditor is given based upon written confirmation from a licensed  
161.20 closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes  
161.21 of this paragraph, "written confirmation" means a written commitment or approval that the  
161.22 funding for the conveyance is held in an escrow account available for disbursement upon  
161.23 delivery of a conveyance. The conveyance issued by the commissioner of revenue shall not  
161.24 be effective as a conveyance until it is recorded. The conveyance shall be issued to the  
161.25 county auditor where the land is located. Upon receipt of the conveyance, the county auditor  
161.26 shall hold the conveyance until the conveyance is requested from a licensed closing agent,  
161.27 title insurer, or title insurance agent to settle and close on the conveyance. If a request for  
161.28 the conveyance is not made within 30 days of the date the conveyance is issued by the  
161.29 commissioner of revenue, the county auditor shall return the conveyance to the commissioner.  
161.30 If the conveyance is delivered to the licensed closing agent, title insurer, or title insurance  
161.31 agent and the closing does not occur within ten days of the request, the licensed closing  
161.32 agent, title insurer, or title insurance agent shall immediately return the conveyance to the  
161.33 county auditor and, upon receipt, the county auditor shall return the conveyance to the  
161.34 commissioner of revenue. The commissioner of revenue shall cancel and destroy all  
161.35 conveyances returned by the county auditor pursuant to this subdivision. The licensed closing  
161.36 agent, title insurer, or title insurance agent must promptly record the conveyance after the

162.1 closing and must deliver an attested or certified copy to the county auditor and to the grantee  
162.2 or grantees named on the conveyance.

162.3 **EFFECTIVE DATE.** This section is effective for conveyances issued by the  
162.4 commissioner of revenue after December 31, 2019.

162.5 Sec. 36. Minnesota Statutes 2018, section 287.21, subdivision 1, is amended to read:

162.6 Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument  
162.7 by which any real property in this state is granted, assigned, transferred, or otherwise  
162.8 conveyed. The tax applies against the net consideration. For purposes of the tax, the  
162.9 conversion of a corporation to a limited liability company, a limited liability company to a  
162.10 corporation, a partnership to a limited partnership, a limited partnership to another limited  
162.11 partnership or other entity, or a similar conversion of one entity to another does not grant,  
162.12 assign, transfer, or convey real property.

162.13 (b) The tax is determined in the following manner: (1) when transfers are made by  
162.14 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is  
162.15 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value  
162.16 of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less,  
162.17 the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or  
162.18 encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net  
162.19 consideration.

162.20 (c) If, within six months from the date of a designated transfer, an ownership interest in  
162.21 the grantee entity is transferred by an initial owner to any person or entity with the result  
162.22 that the designated transfer would not have been a designated transfer if made to the grantee  
162.23 entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration  
162.24 for the designated transfer. If the subsequent transfer of ownership interests was reasonably  
162.25 expected at the time of the designated transfer, the applicable penalty under section 287.31,  
162.26 subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30  
162.27 days of the subsequent transfer that caused the tax to be imposed under this paragraph.  
162.28 Involuntary transfers of ownership shall not be considered transfers of ownership under this  
162.29 paragraph. The commissioner may adopt rules defining the types of transfers to be considered  
162.30 involuntary.

162.31 (d) The tax is due at the time a taxable deed or instrument is presented for recording,  
162.32 except as provided in paragraph (c). The commissioner may require the tax to be documented  
162.33 in a manner prescribed by the commissioner, and may require that the documentation be  
162.34 attached to and recorded as part of the deed or instrument. The county recorder or registrar

163.1 of titles shall accept the attachment for recording as part of the deed or instrument and may  
163.2 not require, as a condition of recording a deed or instrument, evidence that a transfer is a  
163.3 designated transfer in addition to that required by the commissioner. Such an attachment  
163.4 shall not, however, provide actual or constructive notice of the information contained therein  
163.5 for purposes of determining any interest in the real property. The commissioner shall  
163.6 prescribe the manner in which the tax due under paragraph (c) is to be paid and may require  
163.7 grantees of designated transfers to file with the commissioner subsequent statements verifying  
163.8 that the tax provided under paragraph (c) does not apply.

163.9 **EFFECTIVE DATE.** This section is effective for deeds recorded after December 31,  
163.10 2019.

163.11 Sec. 37. Minnesota Statutes 2018, section 290A.03, subdivision 13, is amended to read:

163.12 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
163.13 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
163.14 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
163.15 and any other state paid property tax credits in any calendar year, and after any refund  
163.16 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
163.17 year that the property tax is payable. In the case of a claimant who makes ground lease  
163.18 payments, "property taxes payable" includes the amount of the payments directly attributable  
163.19 to the property taxes assessed against the parcel on which the house is located. Regardless  
163.20 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
163.21 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead  
163.22 for a business purpose if the claimant deducts any business depreciation expenses for the  
163.23 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
163.24 Revenue Code for a business operated in the claimant's homestead. For homesteads which  
163.25 are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads~~  
163.26 ~~which are~~ including manufactured homes located in a manufactured home community owned  
163.27 by a cooperative organized under chapter 308A or 308B, and park trailers taxed as  
163.28 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall  
163.29 also include 17 percent of the gross rent paid in the preceding year for the site on which the  
163.30 homestead is located. When a homestead is owned by two or more persons as joint tenants  
163.31 or tenants in common, such tenants shall determine between them which tenant may claim  
163.32 the property taxes payable on the homestead. If they are unable to agree, the matter shall  
163.33 be referred to the commissioner of revenue whose decision shall be final. Property taxes  
163.34 are considered payable in the year prescribed by law for payment of the taxes.

164.1 In the case of a claim relating to "property taxes payable," the claimant must have owned  
164.2 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
164.3 property must have been classified as homestead property pursuant to section 273.124, on  
164.4 or before December 15 of the assessment year to which the "property taxes payable" relate;  
164.5 or (ii) the claimant must provide documentation from the local assessor that application for  
164.6 homestead classification has been made on or before December 15 of the year in which the  
164.7 "property taxes payable" were payable and that the assessor has approved the application.

164.8 **EFFECTIVE DATE.** This section is effective beginning with claims for tax payable  
164.9 in 2020.

164.10 Sec. 38. Minnesota Statutes 2018, section 290B.04, subdivision 1, is amended to read:

164.11 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications  
164.12 under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes.  
164.13 Applications are due on or before ~~July~~ November 1 for deferral of any of the following  
164.14 year's property taxes. A taxpayer may request an early notification of approval or denial at  
164.15 any time. The commissioner must notify a taxpayer in writing of the reasons for an  
164.16 application denial and that the application may be amended and resubmitted by the due date  
164.17 specified in this subdivision. A taxpayer may apply in the year in which the taxpayer becomes  
164.18 65 years old, provided that no deferral of property taxes will be made until the calendar  
164.19 year after the taxpayer becomes 65 years old. The application, which shall be prescribed  
164.20 by the commissioner of revenue, shall include the following items and any other information  
164.21 which the commissioner deems necessary:

164.22 (1) the name, address, and Social Security number of the owner or owners;

164.23 (2) a copy of the property tax statement for the current payable year for the homesteaded  
164.24 property;

164.25 (3) the initial year of ownership and occupancy as a homestead;

164.26 (4) the owner's household income for the previous calendar year; and

164.27 (5) information on any mortgage loans or other amounts secured by mortgages or other  
164.28 liens against the property, for which purpose the commissioner may require the applicant  
164.29 to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing  
164.30 on the mortgage loan provided by the mortgage holder. The commissioner may require the  
164.31 appropriate documents in connection with obtaining and confirming information on unpaid  
164.32 amounts secured by other liens.

165.1 The application must state that program participation is voluntary. The application must  
165.2 also state that the deferred amount depends directly on the applicant's household income,  
165.3 and that program participation includes authorization for the annual deferred amount, the  
165.4 cumulative deferral and interest that appear on each year's notice prepared by the county  
165.5 under subdivision 6, is public data.

165.6 The application must state that program participants may claim the property tax refund  
165.7 based on the full amount of property taxes eligible for the refund, including any deferred  
165.8 amounts. The application must also state that property tax refunds will be used to offset any  
165.9 deferral and interest under this program, and that any other amounts subject to revenue  
165.10 recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and  
165.11 interest under this program.

165.12 (b) If an application is denied, the applicant must be allowed to correct and resubmit the  
165.13 denied application within 90 days of the application deadline. The submission date of the  
165.14 resubmitted application is considered to be the same as the submission date of the original  
165.15 application.

165.16 ~~(b)~~ (c) As part of the initial application process, the commissioner may require the  
165.17 applicant to obtain at the applicant's own cost and submit:

165.18 (1) if the property is registered property under chapter 508 or 508A, a copy of the original  
165.19 certificate of title in the possession of the county registrar of titles (sometimes referred to  
165.20 as "condition of register"); ~~or~~

165.21 (2) if the property is abstract property, a report prepared by a licensed abstracter showing  
165.22 the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien  
165.23 notices which were recorded on or after the date of that last deed with respect to the property  
165.24 or to the applicant; or

165.25 (3) a copy of a court order transferring title to the applicant as described in paragraph  
165.26 (d).

165.27 The certificate or report under clauses (1) and (2) need not include references to any  
165.28 documents filed or recorded more than 40 years prior to the date of the certification or report.  
165.29 The certification or report must be as of a date not more than 30 days prior to submission  
165.30 of the application.

165.31 The commissioner may also require the county recorder or county registrar of the county  
165.32 where the property is located to provide copies of recorded documents related to the applicant  
165.33 or the property, for which the recorder or registrar shall not charge a fee. The commissioner

166.1 may use any information available to determine or verify eligibility under this section. The  
166.2 household income from the application is private data on individuals as defined in section  
166.3 13.02, subdivision 12.

166.4 (d) For purposes of this section, a copy of a court order transferring title of real property  
166.5 to the applicant is sufficient to demonstrate that title is held by the applicant.

166.6 **EFFECTIVE DATE.** This section is effective beginning with applications submitted  
166.7 in 2019, except that paragraphs (b), (c), clause (3), and (d) are effective the day following  
166.8 final enactment and apply to applications resubmitted on or after that date.

166.9 Sec. 39. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

166.10 Subdivision 1. **Determination; payment.** The county auditor shall determine the total  
166.11 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~  
166.12 report those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~  
166.13 ~~under section 275.29~~ to the commissioner under section 270C.85, subdivision 2, clause (4).  
166.14 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The  
166.15 commissioner of revenue, after such review, shall pay the deferred amount of property tax  
166.16 to each county treasurer on or before August 31.

166.17 The county treasurer shall distribute as part of the October settlement the funds received  
166.18 as if they had been collected as a part of the property tax.

166.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

166.20 Sec. 40. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

166.21 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment  
166.22 financing plan, the auditor of any county in which the district is situated shall, upon request  
166.23 of the authority, certify the original net tax capacity of the tax increment financing district  
166.24 and that portion of the district overlying any subdistrict as described in the tax increment  
166.25 financing plan and shall certify in each year thereafter the amount by which the original net  
166.26 tax capacity has increased or decreased as a result of a change in tax exempt status of  
166.27 property within the district and any subdistrict, reduction or enlargement of the district or  
166.28 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after  
166.29 receipt of the request and sufficient information to identify the parcels included in the district.  
166.30 The certification relates to the taxes payable year as provided in subdivision 6.

166.31 (b) If the classification under section 273.13 of property located in a district changes to  
166.32 a classification that has a different assessment ratio, the original net tax capacity of that

167.1 property must be redetermined at the time when its use is changed as if the property had  
167.2 originally been classified in the same class in which it is classified after its use is changed.

167.3 (c) The amount to be added to the original net tax capacity of the district as a result of  
167.4 previously tax exempt real property within the district becoming taxable equals the net tax  
167.5 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information  
167.6 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that  
167.7 assessment was made more than one year prior to the date of title transfer rendering the  
167.8 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If  
167.9 improvements are made to tax exempt property after the municipality approves the district  
167.10 and before the parcel becomes taxable, the assessor shall, at the request of the authority,  
167.11 separately assess the estimated market value of the improvements. If the property becomes  
167.12 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the  
167.13 parcel, excluding the separately assessed improvements. If substantial taxable improvements  
167.14 were made to a parcel after certification of the district and if the property later becomes tax  
167.15 exempt, in whole or part, as a result of the authority acquiring the property through  
167.16 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result  
167.17 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a  
167.18 result of the property again becoming taxable is the amount of the parcel's value that was  
167.19 included in original net tax capacity when the parcel was first certified. The amount to be  
167.20 added to the original net tax capacity of the district as a result of enlargements equals the  
167.21 net tax capacity of the added real property as most recently certified by the commissioner  
167.22 of revenue as of the date of modification of the tax increment financing plan pursuant to  
167.23 section 469.175, subdivision 4.

167.24 (d) If the net tax capacity of a property increases because the property no longer qualifies  
167.25 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open  
167.26 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,  
167.27 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because  
167.28 platted, unimproved property is improved or market value is increased after approval of the  
167.29 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be  
167.30 added to the original net tax capacity. If the net tax capacity of a property increases because  
167.31 the property no longer qualifies for the homestead market value exclusion under section  
167.32 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax  
167.33 capacity if the original construction of the affected home was completed before the date the  
167.34 assessor certified the original net tax capacity of the district.

168.1 (e) The amount to be subtracted from the original net tax capacity of the district as a  
168.2 result of previously taxable real property within the district becoming tax exempt or  
168.3 qualifying in whole or part for an exclusion from taxable market value, or a reduction in  
168.4 the geographic area of the district, shall be the amount of original net tax capacity initially  
168.5 attributed to the property becoming tax exempt, being excluded from taxable market value,  
168.6 or being removed from the district. If the net tax capacity of property located within the tax  
168.7 increment financing district is reduced by reason of a court-ordered abatement, stipulation  
168.8 agreement, voluntary abatement made by the assessor or auditor or by order of the  
168.9 commissioner of revenue, the reduction shall be applied to the original net tax capacity of  
168.10 the district when the property upon which the abatement is made has not been improved  
168.11 since the date of certification of the district and to the captured net tax capacity of the district  
168.12 in each year thereafter when the abatement relates to improvements made after the date of  
168.13 certification. The county auditor may specify reasonable form and content of the request  
168.14 for certification of the authority and any modification thereof pursuant to section 469.175,  
168.15 subdivision 4.

168.16 (f) If a parcel of property contained a substandard building or improvements described  
168.17 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if  
168.18 the authority elects to treat the parcel as occupied by a substandard building under section  
168.19 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,  
168.20 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the  
168.21 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated  
168.22 market value of the parcel for the year in which the building or other improvements were  
168.23 demolished or removed, but applying the classification rates for the current year.

168.24 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,  
168.25 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of  
168.26 the land as the original tax capacity for any parcel in the district that contains a building  
168.27 that suffered substantial damage as a result of the disaster or emergency.

168.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

168.29 Sec. 41. Minnesota Statutes 2018, section 473H.08, subdivision 1, is amended to read:

168.30 Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until ~~either~~  
168.31 the landowner or the authority, or a state agency or governmental unit initiates expiration  
168.32 as provided in this section.



169.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
169.2 applies to any agricultural preserve where the previously required eight-year termination  
169.3 period under Minnesota Statutes, section 473H.08, has not yet expired.

169.4 Sec. 42. Minnesota Statutes 2018, section 473H.08, is amended by adding a subdivision  
169.5 to read:

169.6 Subd. 3a. **Expiration for park and trail purposes.** (a) An agricultural preserve expires  
169.7 immediately when a state agency or other governmental unit purchases the property or  
169.8 obtains an easement over the property for the purpose of creating or expanding a public  
169.9 trail or public park. This subdivision applies only to the portion of the agricultural preserve  
169.10 acquired for trail or park purposes, and any portion of the property not acquired for trail or  
169.11 park purposes shall remain an agricultural preserve regardless if the remaining total acreage  
169.12 is below 40 acres.

169.13 (b) The acquiring state agency or governmental unit shall give notice to the authority as  
169.14 provided in subdivision 4. The notice must specify the portion of the property being removed  
169.15 from the agricultural preserve and the date on which that portion expires.

169.16 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
169.17 applies to any agricultural preserve where the previously required eight-year termination  
169.18 period under Minnesota Statutes, section 473H.08, has not yet expired.

169.19 Sec. 43. Minnesota Statutes 2018, section 473H.08, subdivision 4, is amended to read:

169.20 Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a,  
169.21 or upon notice served by the authority as provided in subdivision 3, the authority shall  
169.22 forward the original notice to the county recorder for recording, or to the registrar of titles  
169.23 if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan  
169.24 Council, and the county soil and water conservation district of the date of expiration.  
169.25 Designation as an agricultural preserve and all benefits and limitations accruing through  
169.26 sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The  
169.27 restrictive covenant contained in the application shall terminate on the date of expiration.

169.28 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
169.29 applies to any agricultural preserve where the previously required eight-year termination  
169.30 period under Minnesota Statutes, section 473H.08, has not yet expired.

170.1 Sec. 44. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by  
170.2 Laws 2013, chapter 143, article 4, section 35, is amended to read:

170.3 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in 2009,  
170.4 and is repealed effective for taxes levied in ~~2018~~ 2024, payable in ~~2019~~ 2025, and thereafter.

170.5 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.

170.6 Sec. 45. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws  
170.7 2013, chapter 143, article 4, section 36, is amended to read:

170.8 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by resolution  
170.9 of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance  
170.10 Special Taxing District for the purpose of providing fire or ambulance services, or both,  
170.11 throughout the district. In this section, "municipality" means home rule charter and statutory  
170.12 cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and  
170.13 ambulance services of the municipalities that receive fire or ambulance services, or both,  
170.14 from the district. Upon application, any other municipality may join the district with the  
170.15 agreement of the municipalities that comprise the district at the time of its application to  
170.16 join.

170.17 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
170.18 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
170.19 subdivision 3.

170.20 Sec. 46. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

170.21 Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District Board  
170.22 is governed by a board made up initially of one or more elected officials of the governing  
170.23 body of each participating municipality in the proportions set out in the establishing  
170.24 resolution, subject to change as provided in the district's charter, if any, or in the district's  
170.25 bylaws. Each municipality's representatives serve at the pleasure of that municipality's  
170.26 governing body.

170.27 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
170.28 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
170.29 subdivision 3.

171.1 Sec. 47. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws  
171.2 2013, chapter 143, article 4, section 37, is amended to read:

171.3 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as  
171.4 provided in this subdivision to pay the costs of providing fire or ambulance services, or  
171.5 both, throughout the district. The board shall annually determine the total amount of the  
171.6 levy that is attributable to the cost of providing fire services and the cost of providing  
171.7 ambulance services within the primary service area. For those municipalities that only  
171.8 receive ambulance services, the costs for the provision of ambulance services shall be levied  
171.9 against taxable property within those municipalities at a rate necessary not to exceed 0.019  
171.10 percent of the estimated market value. For those municipalities that receive both fire and  
171.11 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent  
171.12 of estimated market value. A property tax levied by the district to make debt service payments  
171.13 for obligations issued by the district pursuant to subdivision 4 shall not be included when  
171.14 calculating the tax levy limits imposed in this subdivision.

171.15 When a member municipality opts to receive fire service from the district or an additional  
171.16 municipality becomes a member of the district, the cost of providing fire services to that  
171.17 community shall be determined by the board and added to the maximum levy amount.

171.18 Each county auditor of a county that contains a municipality subject to the tax under  
171.19 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District.  
171.20 The district may also impose other fees or charges as allowed by law for the provision of  
171.21 fire and ambulance services.

171.22 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
171.23 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
171.24 subdivision 3.

171.25 Sec. 48. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

171.26 Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided for  
171.27 in Minnesota Statutes, chapter 475, and the district shall be considered a municipality by  
171.28 Minnesota Statutes, chapter 475, when necessary to accomplish its duties., as defined in  
171.29 Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph  
171.30 (c), and may issue certificates of indebtedness or capital notes in the manner provided for  
171.31 a city under Minnesota Statutes, section 412.301, when necessary to accomplish its duties.  
171.32 Any tax levied to pay debt of the district shall be levied in the amounts required and in  
171.33 accordance with Minnesota Statutes, section 475.61. The debt service for debt, the proceeds  
171.34 of which financed capital costs for ambulance service, shall be levied against taxable property

172.1 within those municipalities in the primary service area. The debt service for debt, the proceeds  
172.2 of which financed capital costs for fire service, shall be levied against taxable property  
172.3 within those municipalities receiving fire services.

172.4 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
172.5 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
172.6 subdivision 3.

172.7 Sec. 49. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

172.8 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district  
172.9 may be given only in the month of January, with a minimum of twelve months notice of  
172.10 intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision  
172.11 3 in the year when the notice is given. A property tax levied by the district on taxable  
172.12 property located in a withdrawing municipality to make debt service payments for obligations  
172.13 issued by the district pursuant to subdivision 4 shall remain in effect until the obligations  
172.14 outstanding on the date of withdrawal are satisfied, including any property tax levied in  
172.15 connection with a refunding of such obligations. The district and its members may develop  
172.16 and agree upon other continuing obligations after withdrawal of a municipality.

172.17 **EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area  
172.18 Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021,  
172.19 subdivision 3.

172.20 Sec. 50. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective  
172.21 date, is amended to read:

172.22 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications and  
172.23 certifications made in 2018 and thereafter, except the repeal of the exclusion of land under  
172.24 item (iii) is effective retroactively for payments due under Minnesota Statutes, section  
172.25 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive  
172.26 payments, the following requirements must be met: (1) the owner of land exceeding 60,000  
172.27 acres that is subject to a single conservation easement funded under Minnesota Statutes,  
172.28 section 97A.056 or a comparable permanent easement conveyed to a governmental or  
172.29 nonprofit entity, must submit an application to the commissioner of revenue, in a form and  
172.30 manner and at a time acceptable to the commissioner, establishing that the affected property  
172.31 and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this  
172.32 section; (2) the owner and each county in which the land is located must certify to the  
172.33 commissioner that no petitions challenging the market value of the property are pending

173.1 under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must  
173.2 be satisfied by October 1, 2017. No interest accrues on payment under this section for  
173.3 periods before November 1, 2017.

173.4 **EFFECTIVE DATE.** This section is effective retroactively for certifications made in  
173.5 2018 and thereafter.

173.6 Sec. 51. **VALUATION METHOD OF STATE-ASSESSED PROPERTY; REPORT.**

173.7 Subdivision 1. **Report.** (a) The commissioner of revenue must prepare a report on the  
173.8 valuation of certain state-assessed property as described in Minnesota Statutes, sections  
173.9 273.33, 273.35, 273.36, 273.37, and 273.3711. The report must include the following  
173.10 information:

173.11 (1) a detailed description of administrative appeals and tax court petitions filed since  
173.12 2012, containing the following information:

173.13 (i) the basis for each appeal and petition;

173.14 (ii) the current stage in the process of each appeal and petition, and if it is resolved,  
173.15 whether it was resolved by an agreement, dismissal, settlement, or judgment;

173.16 (iii) the final valuation and extent to which the market value was increased or reduced  
173.17 under an agreement, settlement, or judgment from an appeal or petition, and if an appeal or  
173.18 petition has not yet reached the final disposition, the report must state the commissioner's  
173.19 or tax court's valuation amounts as of its current stage in the process, whichever is most  
173.20 recent;

173.21 (iv) detail regarding the amount of the commissioner's most recent valuation compared  
173.22 to the taxpayer's opinion of valuation for appeals and petitions that have not yet resulted in  
173.23 a final disposition, if available at its current stage of litigation;

173.24 (v) detail regarding the amount of refund paid by each affected taxing local jurisdiction  
173.25 if the final disposition resulted in the lowering of market value; and

173.26 (vi) detail regarding the potential refund to be paid by each affected local taxing  
173.27 jurisdiction for appeals and petitions that have not yet resulted in a final disposition, as if  
173.28 the final disposition were to result in a finding of market value equal to the taxpayer's opinion  
173.29 of market value;

173.30 (2) an overview of the administrative appeal process, specifically explaining the criteria  
173.31 used by the commissioner to determine an increase or reduction of the original valuation;

174.1 (3) a detailed description of the process by which the commissioner determines  
174.2 preliminary and final valuation orders, including an examination of the form and contents  
174.3 of each order, as well as a description of the time frame for issuing each order in relation  
174.4 to affected local taxing jurisdictions' levy and budget process and options for issuing these  
174.5 valuation orders earlier than current practice; and

174.6 (4) a detailed comparison of the methodology used by the commissioner to administer  
174.7 Rule 8100 to methods used to value utility and pipeline property by other states, including  
174.8 but not limited to two neighboring states and three non-neighboring states.

174.9 Subd. 2. **Report deadline.** The commissioner must provide a copy of the report to the  
174.10 chairs and ranking minority members of the legislative committees with jurisdiction over  
174.11 property taxation by February 1, 2020.

174.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

174.13 Sec. 52. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

174.14 (a) No later than January 15, 2020, the commissioner of revenue, in consultation with  
174.15 Minnesota Housing Finance Agency and the Department of Human Services, must produce  
174.16 a report on class 4d property, as defined in section 273.13, subdivision 25, and local 4d  
174.17 affordable housing programs. The commissioner must provide a copy of the report to the  
174.18 chairs and ranking minority members of the legislative committees with jurisdiction over  
174.19 property taxation. The report must include the following:

174.20 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,  
174.21 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties  
174.22 under each clause:

174.23 (i) the number of units classified as 4d in each property in the previous assessment year;

174.24 (ii) the number of units not classified as 4d in each property in the previous assessment  
174.25 year;

174.26 (iii) the property tax paid in 2019;

174.27 (iv) the property tax reduction in 2019 resulting from 4d classification;

174.28 (v) the average household income, as a percent, of the area median income, for residents  
174.29 of 4d units; and

174.30 (vi) the total number of units that qualified for 4d in each of the last ten assessment  
174.31 years; and

175.1 (2) a profile of income limits and area median incomes used in Minnesota by the United  
175.2 States Department of Housing and Urban Development to determine eligibility for assisted  
175.3 housing programs.

175.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

175.5 Sec. 53. **SPECIAL REFUND PROVISION; DISABLED VETERANS HOMESTEAD**  
175.6 **EXCLUSION.**

175.7 A veteran who received a disability rating of 70 percent or more in 2016 or 2017 but  
175.8 did not receive the disabled veterans homestead exclusion for assessment year 2016 or 2017  
175.9 may apply for a refund of taxes paid in 2017 or 2018 if the veteran would have qualified  
175.10 for the benefit in Minnesota Statutes, section 273.13, subdivision 34, paragraph (b), in one  
175.11 or both of those years. To qualify for a refund, a property owner must apply to the assessor  
175.12 by December 15, 2019, and must have paid all tax due in 2017 and 2018. After verifying  
175.13 that the applicant qualified for an exclusion for taxes payable in either or both of those years,  
175.14 the county assessor must notify the county auditor, and the auditor must recalculate the  
175.15 taxes on the property for taxes payable in 2017 and 2018 based on the exclusion the applicant  
175.16 was qualified for. The county treasurer must then issue a refund of tax paid in 2017 and  
175.17 2018 equal to the difference between the taxes as initially calculated for each taxes payable  
175.18 year and the taxes based on the value remaining after the exclusion.

175.19 **EFFECTIVE DATE.** This section is effective for refund applications received in 2019,  
175.20 for refunds of tax paid in 2017 and 2018.

175.21 Sec. 54. **REPEALER.**

175.22 Minnesota Statutes 2018, section 275.29, is repealed.

175.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

175.24

## ARTICLE 6

175.25

### AIDS AND CREDITS

175.26 Section 1. Minnesota Statutes 2018, section 273.1385, subdivision 4, is amended to read:

175.27 Subd. 4. **Aid termination.** The aid provided under this section ~~terminates on June 30,~~  
175.28 ~~2020.~~ continues until the earlier of:

175.29 (1) the last day of the fiscal year immediately following the fiscal year in which the  
175.30 actuarial value of assets of the general employees retirement plan of the Public Employees

176.1 Retirement Association first equals or exceeds the actuarial accrued liabilities of the plan  
 176.2 as reported in the annual actuarial valuation prepared under section 356.215; or  
 176.3 (2) June 30, 2048.

176.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

176.5 Sec. 2. Minnesota Statutes 2018, section 273.1387, subdivision 2, is amended to read:

176.6 Subd. 2. **Credit amount.** For each qualifying property, the school building bond  
 176.7 agricultural credit is equal to ~~40~~ 70 percent of the property's eligible net tax capacity  
 176.8 multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

176.9 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 176.10 in 2020.

176.11 Sec. 3. Minnesota Statutes 2018, section 290A.04, subdivision 2, is amended to read:

176.12 Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes  
 176.13 payable are in excess of the percentage of the household income stated below shall pay an  
 176.14 amount equal to the percent of income shown for the appropriate household income level  
 176.15 along with the percent to be paid by the claimant of the remaining amount of property taxes  
 176.16 payable. The state refund equals the amount of property taxes payable that remain, up to  
 176.17 the state refund amount shown below.

176.18			Percent Paid by	Maximum
176.19	Household Income	Percent of Income	Claimant	State
176.20				Refund
176.21	<del>\$0 to 1,619</del>			<del>2,580</del>
176.22	<u>\$0 to 1,769</u>	1.0 percent	15 percent	\$ <u>3,020</u>
176.23	<del>1,620 to 3,229</del>			<del>2,580</del>
176.24	<u>1,770 to 3,529</u>	1.1 percent	15 percent	\$ <u>3,020</u>
176.25	<del>3,230 to 4,889</del>			<del>2,580</del>
176.26	<u>3,530 to 5,349</u>	1.2 percent	15 percent	\$ <u>3,020</u>
176.27	<del>4,890 to 6,519</del>			<del>2,580</del>
176.28	<u>5,350 to 7,129</u>	1.3 percent	20 percent	\$ <u>3,020</u>
176.29	<del>6,520 to 8,129</del>			<del>2,580</del>
176.30	<u>7,130 to 8,899</u>	1.4 percent	20 percent	\$ <u>3,020</u>
176.31	<del>8,130 to 11,389</del>			<del>2,580</del>
176.32	<u>8,900 to 12,459</u>	1.5 percent	20 percent	\$ <u>3,020</u>
176.33	<del>11,390 to 13,009</del>			<del>2,580</del>
176.34	<u>12,460 to 14,239</u>	1.6 percent	20 percent	\$ <u>3,020</u>
176.35	<del>13,010 to 14,649</del>			<del>2,580</del>
176.36	<u>14,240 to 16,029</u>	1.7 percent	20 percent	\$ <u>3,020</u>



177.1	<del>14,650 to 16,269</del>			2,580
177.2	<u>16,030 to 17,799</u>	1.8 percent	20 percent	\$ <u>3,020</u>
177.3	<del>16,270 to 17,879</del>			2,580
177.4	<u>17,800 to 19,569</u>	1.9 percent	25 percent	\$ <u>3,020</u>
177.5	<del>17,880 to 22,779</del>			2,580
177.6	<u>19,570 to 24,929</u>	2.0 percent	25 percent	\$ <u>3,020</u>
177.7	<del>22,780 to 24,399</del>			2,580
177.8	<u>24,930 to 26,699</u>	2.0 percent	30 percent	\$ <u>3,020</u>
177.9	<del>24,400 to 27,659</del>			2,580
177.10	<u>26,700 to 30,269</u>	2.0 percent	30 percent	\$ <u>3,020</u>
177.11	<del>27,660 to 39,029</del>			2,580
177.12	<u>30,270 to 42,709</u>	2.0 percent	35 percent	\$ <u>3,020</u>
177.13	<del>39,030 to 56,919</del>			2,090
177.14	<u>42,710 to 62,279</u>	2.0 percent	35 percent	\$ <u>2,490</u>
177.15	<del>56,920 to 65,049</del>			1,830
177.16	<u>62,280 to 71,179</u>	2.0 percent	40 percent	\$ <u>2,200</u>
177.17	<del>65,050 to 73,189</del>			1,510
177.18	<u>71,180 to 80,089</u>	2.1 percent	40 percent	\$ <u>1,850</u>
177.19	<del>73,190 to 81,319</del>			1,350
177.20	<u>80,090 to 88,979</u>	2.2 percent	40 percent	\$ <u>1,680</u>
177.21	<del>81,320 to 89,449</del>			1,180
177.22	<u>88,980 to 97,879</u>	2.3 percent	40 percent	\$ <u>1,490</u>
177.23	<del>89,450 to 94,339</del>			1,000
177.24	<u>97,880 to 103,229</u>	2.4 percent	45 percent	\$ <u>1,290</u>
177.25	<del>94,340 to 97,609</del>			830
177.26	<u>103,230 to 106,809</u>	2.5 percent	45 percent	\$ <u>1,090</u>
177.27	<del>97,610 to 101,559</del>			680
177.28	<u>106,810 to 111,129</u>	2.5 percent	50 percent	\$ <u>920</u>
177.29	<del>101,560 to 105,499</del>			500
177.30	<u>111,130 to 115,439</u>	2.5 percent	50 percent	\$ <u>730</u>
177.31	<u>115,440 to 119,439</u>	<u>2.6 percent</u>	<u>50 percent</u>	\$ <u>500</u>
177.32	<u>119,440 to 123,439</u>	<u>2.7 percent</u>	<u>50 percent</u>	\$ <u>450</u>
177.33	<u>123,440 to 127,439</u>	<u>2.8 percent</u>	<u>50 percent</u>	\$ <u>400</u>
177.34	<u>127,440 to 131,439</u>	<u>2.9 percent</u>	<u>55 percent</u>	\$ <u>350</u>
177.35	<u>131,440 to 135,439</u>	<u>3.0 percent</u>	<u>55 percent</u>	\$ <u>300</u>
177.36	<u>135,440 to 139,439</u>	<u>3.1 percent</u>	<u>55 percent</u>	\$ <u>250</u>
177.37	<u>139,440 to 143,439</u>	<u>3.2 percent</u>	<u>55 percent</u>	\$ <u>200</u>
177.38	<u>143,440 to 147,439</u>	<u>3.3 percent</u>	<u>55 percent</u>	\$ <u>150</u>
177.39	<u>147,440 to 151,439</u>	<u>3.4 percent</u>	<u>55 percent</u>	\$ <u>100</u>
177.40	<u>151,440 to 155,439</u>	<u>3.5 percent</u>	<u>55 percent</u>	\$ <u>100</u>

177.41 The payment made to a claimant shall be the amount of the state refund calculated under  
177.42 this subdivision. No payment is allowed if the claimant's household income is ~~\$105,500~~  
177.43 \$155,440 or more.

178.1 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes  
 178.2 payable after December 31, 2019.

178.3 Sec. 4. Minnesota Statutes 2018, section 290A.04, subdivision 2a, is amended to read:

178.4 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the  
 178.5 percentage of the household income stated below must pay an amount equal to the percent  
 178.6 of income shown for the appropriate household income level along with the percent to be  
 178.7 paid by the claimant of the remaining amount of rent constituting property taxes. The state  
 178.8 refund equals the amount of rent constituting property taxes that remain, up to the maximum  
 178.9 state refund amount shown below.

178.10				Maximum
178.11			Percent Paid by	State
178.12	Household Income	Percent of Income	Claimant	Refund
178.13	<del>\$0 to 4,909</del>		5	2,000
178.14	<u>\$0 to 5,369</u>	1.0 percent	<u>2.5</u> percent	\$ <u>2,190</u>
178.15	<del>4,910 to 6,529</del>		10	2,000
178.16	<u>5,370 to 7,149</u>	1.0 percent	<u>5</u> percent	\$ <u>2,190</u>
178.17	<del>6,530 to 8,159</del>		10	1,950
178.18	<u>7,150 to 8,929</u>	1.1 percent	<u>5</u> percent	\$ <u>2,130</u>
178.19	<del>8,160 to 11,439</del>		10	1,900
178.20	<u>8,930 to 12,519</u>	1.2 percent	<u>5</u> percent	\$ <u>2,080</u>
178.21	<del>11,440 to 14,709</del>		15	1,850
178.22	<u>12,520 to 16,099</u>	1.3 percent	<u>10</u> percent	\$ <u>2,020</u>
178.23	<del>14,710 to 16,339</del>		15	1,800
178.24	<u>16,100 to 17,879</u>	1.4 percent	<u>10</u> percent	\$ <u>1,970</u>
178.25	<del>16,340 to 17,959</del>		20	1,750
178.26	<u>17,880 to 19,649</u>	1.4 percent	<u>15</u> percent	\$ <u>1,910</u>
178.27	<del>17,960 to 21,239</del>		20	1,700
178.28	<u>19,650 to 23,239</u>	1.5 percent	<u>15</u> percent	\$ <u>1,860</u>
178.29	<del>21,240 to 22,869</del>		20	1,650
178.30	<u>23,240 to 25,029</u>	1.6 percent	<u>15</u> percent	\$ <u>1,810</u>
178.31	<del>22,870 to 24,499</del>		25	1,650
178.32	<u>25,030 to 26,809</u>	1.7 percent	<u>20</u> percent	\$ <u>1,810</u>
178.33	<del>24,500 to 27,779</del>		25	1,650
178.34	<u>26,810 to 30,399</u>	1.8 percent	<u>20</u> percent	\$ <u>1,810</u>
178.35	<del>27,780 to 29,399</del>		30	1,650
178.36	<u>30,400 to 32,169</u>	1.9 percent	<u>25</u> percent	\$ <u>1,810</u>
178.37	<del>29,400 to 34,299</del>		30	1,650
178.38	<u>32,170 to 37,529</u>	2.0 percent	<u>27.5</u> percent	\$ <u>1,810</u>
178.39	<del>34,300 to 39,199</del>		35	1,650
178.40	<u>37,530 to 42,889</u>	2.0 percent	<u>32.5</u> percent	\$ <u>1,810</u>
178.41	<del>39,200 to 45,739</del>		40	1,650
178.42	<u>42,890 to 50,049</u>	2.0 percent	<u>37.5</u> percent	\$ <u>1,810</u>

179.1	<del>45,740 to 47,369</del>		45	1,500
179.2	<u>50,050 to 51,829</u>	2.0 percent	<u>40</u> percent	\$ <u>1,640</u>
179.3	<del>47,370 to 49,009</del>		45	1,350
179.4	<u>51,830 to 53,629</u>	2.0 percent	<u>42.5</u> percent	\$ <u>1,480</u>
179.5	<del>49,010 to 50,649</del>		45	1,150
179.6	<u>53,630 to 55,419</u>	2.0 percent	<u>42.5</u> percent	\$ <u>1,260</u>
179.7	<del>50,650 to 52,269</del>		50	1,000
179.8	<u>55,420 to 57,199</u>	2.0 percent	<u>47.5</u> percent	\$ <u>1,090</u>
179.9	<del>52,270 to 53,909</del>		50	900
179.10	<u>57,200 to 58,989</u>	2.0 percent	<u>47.5</u> percent	\$ <u>980</u>
179.11	<del>53,910 to 55,539</del>			500
179.12	<u>58,990 to 64,999</u>	2.0 percent	50 percent	\$ <u>750</u>
179.13	<del>55,540 to 57,169</del>	<del>2.0 percent</del>	<del>50 percent</del>	\$ <del>200</del>
179.14	<u>65,000 to 67,499</u>	<u>2.0 percent</u>	<u>55 percent</u>	\$ <u>550</u>
179.15	<u>67,500 to 69,999</u>	<u>2.1 percent</u>	<u>55 percent</u>	\$ <u>350</u>
179.16	<u>70,000 to 72,499</u>	<u>2.2 percent</u>	<u>55 percent</u>	\$ <u>250</u>
179.17	<u>72,500 to 74,999</u>	<u>2.3 percent</u>	<u>55 percent</u>	\$ <u>150</u>

179.18 The payment made to a claimant is the amount of the state refund calculated under this  
 179.19 subdivision. No payment is allowed if the claimant's household income is ~~\$57,170~~ \$75,000  
 179.20 or more.

179.21 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after  
 179.22 December 31, 2018.

179.23 Sec. 5. Minnesota Statutes 2018, section 290A.19, is amended to read:

179.24 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE**  
 179.25 **CERTIFICATES.**

179.26 **Subdivision 1. Owner or managing agent to furnish rent certificate.** (a) The owner  
 179.27 or managing agent of any property for which rent is paid for occupancy as a homestead  
 179.28 must furnish a certificate of rent paid to a person who is a renter on December 31, in the  
 179.29 form prescribed by the commissioner. If the renter moves before December 31, the owner  
 179.30 or managing agent may give the certificate to the renter at the time of moving, or mail the  
 179.31 certificate to the forwarding address if an address has been provided by the renter. The  
 179.32 certificate must be made available to the renter before February 1 of the year following the  
 179.33 year in which the rent was paid. The owner or managing agent must retain a duplicate of  
 179.34 each certificate or an equivalent record showing the same information for a period of three  
 179.35 years. The duplicate or other record must be made available to the commissioner upon  
 179.36 request.

180.1 (b) The commissioner may require the owner or managing agent, through a simple  
180.2 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
180.3 rent paid furnished to a renter for rent paid in the prior year,~~in~~. The commissioner shall  
180.4 prescribe the content, format, and manner prescribed by the commissioner of the form  
180.5 pursuant to section 270C.30. Prior to implementation, the commissioner, after consulting  
180.6 with representatives of owners or managing agents, shall develop an implementation and  
180.7 administration plan for the requirements of this paragraph that attempts to minimize financial  
180.8 burdens, administration and compliance costs, and takes into consideration existing systems  
180.9 of owners and managing agents.

180.10 (c) For the purposes of this section, "owner" includes a park owner as defined under  
180.11 section 327C.01, subdivision 6, and "property" includes a lot as defined under section  
180.12 327C.01, subdivision 3.

180.13 (d) Beginning with certificates of rent paid for 2021 rents, an owner or managing agent  
180.14 must furnish certificates of rent paid that were created using the system developed under  
180.15 subdivision 3 or provide equivalent data to the commissioner in a form and manner approved  
180.16 by the commissioner. The commissioner must retain data collected under this paragraph at  
180.17 least as long as is necessary to ensure compliance with this chapter. Data gathered under  
180.18 this paragraph are return information, as defined in section 270B.02.

180.19 **Subd. 2. Rental market information.** (a) Beginning with certificates of rent paid for  
180.20 2021 rents, an owner or managing agent must submit the following data elements to the  
180.21 commissioner about any property for which the owner or managing agent provides a  
180.22 certificate of rent paid under subdivision 1:

180.23 (1) the number of bedrooms in the rental unit;

180.24 (2) whether utilities are included in the rent amount reported;

180.25 (3) whether the renter paid a different rent amount than the market rate due to a subsidy;  
180.26 and

180.27 (4) the city, county, and five-digit zip code of the rental unit.

180.28 (b) An owner or managing agent may submit the data using the electronic system  
180.29 developed under subdivision 3, or provide equivalent data in a form and manner approved  
180.30 by the commissioner.

180.31 (c) The commissioner must retain data collected through the system at least as long as  
180.32 is necessary to prepare the annual report required under section 290A.29. Data collected  
180.33 under this subdivision are return information, as defined in section 270B.02.

181.1 Subd. 3. **Electronic system for certificates of rent paid.** (a) The commissioner must  
181.2 develop and implement an electronic system for generating certificates of rent paid. The  
181.3 system must allow an owner or managing agent to enter the information necessary to generate  
181.4 a certificate of rent paid, and use the information provided to create a completed certificate  
181.5 for distribution to renters. An owner or managing agent is responsible for furnishing the  
181.6 certificate to a renter in accordance with subdivision 1. The system must be available by  
181.7 January 1, 2021, for use for certificates of rent paid for 2020 rents.

181.8 (b) In addition to any information required by the commissioner to administer the renter's  
181.9 credit program and ensure compliance with this chapter, the system developed under this  
181.10 subdivision must be capable of capturing the rental market information required under  
181.11 subdivision 2.

181.12 **EFFECTIVE DATE.** (a) The amendments to subdivisions 1 and 2 are effective for  
181.13 refunds based on rents paid in 2021 and following years.

181.14 (b) Subdivision 3 is effective July 1, 2019.

181.15 Sec. 6. **[290A.29] ANNUAL REPORT ON RENTS PAID IN MINNESOTA.**

181.16 (a) Using data collected under section 290A.19, subdivision 2, the commissioner must  
181.17 annually prepare and publish a report on rents in Minnesota. The report must provide  
181.18 aggregated summary data on rents, broken out by number of bedrooms, county, and other  
181.19 significant geographical regions. At a minimum, the report must describe:

181.20 (1) average and median rent amounts paid in the most recent year for which data is  
181.21 available; and

181.22 (2) to the extent data is available, year-to-year changes in the amount of rent paid.

181.23 (b) By March 15, 2022, and March 15 of each following year, the commissioner must  
181.24 submit the report to the chairs and ranking members of the house and senate committees  
181.25 with jurisdiction over taxes, property taxes, and housing policy.

181.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

181.27 Sec. 7. Minnesota Statutes 2018, section 298.225, subdivision 1, is amended to read:

181.28 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),  
181.29 the distribution of the taconite production tax as provided in section 298.28, subdivisions  
181.30 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

182.1 (1) the amount distributed pursuant to this section and section 298.28, with respect to  
182.2 1983 production if the production for the year prior to the distribution year is no less than  
182.3 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount  
182.4 of the distributions shall be reduced proportionately at the rate of two percent for each  
182.5 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000  
182.6 tons; or

182.7 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs  
182.8 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this  
182.9 section and section 298.28, with respect to 1983 production;

182.10 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)  
182.11 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,  
182.12 with respect to 1983 production provided that the aid guarantee for distributions under  
182.13 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton  
182.14 for production years 2014 and thereafter.

182.15 (b) The distribution of the taconite production tax as provided in section 298.28,  
182.16 subdivision 2, shall equal the following amount:

182.17 (1) if the production for the year prior to the distribution year is at least 42,000,000  
182.18 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
182.19 to 1999 production; or

182.20 (2) if the production for the year prior to the distribution year is less than 42,000,000  
182.21 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
182.22 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000  
182.23 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

182.24 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,  
182.25 paragraph (a), must equal the amount distributed under 298.28, with respect to 1983  
182.26 production.

182.27 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

182.28 Sec. 8. Minnesota Statutes 2018, section 298.28, subdivision 3, is amended to read:

182.29 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under  
182.30 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account  
182.31 to be distributed as provided in section 298.282. The amount allocated to the taconite  
182.32 municipal aid account must be annually increased in the same proportion as the increase in  
182.33 the implicit price deflator as provided in section 298.24, subdivision 1.

183.1 (b) An amount must be allocated to towns or cities that is annually certified by the county  
183.2 auditor of a county containing a taconite tax relief area as defined in section 273.134,  
183.3 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,  
183.4 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a  
183.5 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city  
183.6 consists of iron ore.

183.7 (c) The amount allocated under paragraph (b) will be the portion of a township's or city's  
183.8 certified levy equal to the proportion of (1) the difference between 50 percent of January  
183.9 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,  
183.10 assessed value in the case of a city and its current assessed value to (2) the sum of its current  
183.11 assessed value plus the difference determined in (1), provided that the amount distributed  
183.12 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a  
183.13 city. For purposes of this limitation, population will be determined according to the 1980  
183.14 decennial census conducted by the United States Bureau of the Census. If the current assessed  
183.15 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,  
183.16 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,  
183.17 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed  
183.18 value," when used in reference to years other than 1980 or 1982, means the appropriate net  
183.19 tax capacities multiplied by 10.2.

183.20 (d) In addition to other distributions under this subdivision, three cents per taxable ton  
183.21 for distributions in 2009 must be allocated for distribution to towns that are entirely located  
183.22 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution  
183.23 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent  
183.24 amount must be annually increased in the same proportion as the increase in the implicit  
183.25 price deflator as provided in section 298.24, subdivision 1. The amount available under this  
183.26 paragraph will be distributed to eligible towns on a per capita basis, provided that no town  
183.27 may receive more than \$50,000 in any year under this paragraph. Any amount of the  
183.28 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be  
183.29 redistributed on a per capita basis among the other eligible towns, to whose distributions  
183.30 do not exceed \$50,000.

183.31 **EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

184.1 Sec. 9. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision to  
184.2 read:

184.3 Subd. 21. **Additional border city allocations.** (a) In addition to the tax reductions  
184.4 authorized in subdivisions 12 to 20, the commissioner shall annually allocate \$1,000,000  
184.5 for tax reductions to border city enterprise zones in cities located on the western border of  
184.6 the state. The commissioner shall allocate this amount among cities on a per capita basis.  
184.7 Allocations made under this subdivision may be used for tax reductions under sections  
184.8 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by  
184.9 businesses located in the enterprise zone as provided by law, but only if the municipality  
184.10 determines that the granting of the tax reduction or offset is necessary to retain a business  
184.11 within or attract a business to the zone.

184.12 (b) The allocations under this subdivision do not cancel or expire, but remain available  
184.13 until used by the city.

184.14 **EFFECTIVE DATE.** This section is effective July 1, 2020.

184.15 Sec. 10. Minnesota Statutes 2018, section 469.171, subdivision 4, is amended to read:

184.16 Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1)  
184.17 a facility the primary purpose of which is one of the following: ~~retail food and beverage~~  
184.18 ~~services, automobile sales or service, or~~ the provision of recreation or entertainment, or a  
184.19 private or commercial golf course, country club, massage parlor, tennis club, skating facility  
184.20 including roller skating, skateboard, and ice skating, racquet sports facility, including any  
184.21 handball or racquetball court, hot tub facility, suntan facility, or racetrack; (2) property of  
184.22 a public utility; (3) property used in the operation of a financial institution; (4) property  
184.23 owned by a fraternal or veterans' organization; or (5) ~~property of a business operating under~~  
184.24 ~~a franchise agreement that requires the business to be located in the state; except that tax~~  
184.25 ~~reductions may be provided to a retail food or beverage facility or an automobile sales or~~  
184.26 ~~service facility, or a business~~ a retail food or beverage facility operating under a franchise  
184.27 agreement that requires the business to be located in this state ~~except for such a franchised~~  
184.28 ~~retail food or beverage facility.~~

184.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

184.30 Sec. 11. Minnesota Statutes 2018, section 477A.011, subdivision 45, is amended to read:

184.31 Subd. 45. **Sparsity adjustment.** ~~For~~ The sparsity adjustment is \$200 for either:



185.1 (1) a city with a population of 10,000 or more, ~~the sparsity adjustment is 100 for any~~  
185.2 ~~city with~~ and an average population density less than 150 per square mile, according to the  
185.3 most recent federal census. ~~For;~~ or

185.4 (2) a city with a population less than 10,000, ~~the sparsity adjustment is 200 for any city~~  
185.5 ~~with~~ and an average population density less than 30 per square mile, according to the most  
185.6 recent federal census.

185.7 The sparsity adjustment is zero for all other cities.

185.8 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
185.9 and thereafter.

185.10 Sec. 12. Minnesota Statutes 2018, section 477A.013, subdivision 9, is amended to read:

185.11 Subd. 9. **City aid distribution.** (a) In calendar year 2018 and thereafter, if a city's  
185.12 certified aid before any aid adjustment under subdivision 13 for the previous year is less  
185.13 than its current unmet need, the city shall receive an aid distribution equal to the sum of (1)  
185.14 its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the  
185.15 city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

185.16 (b) For aids payable in 2018 and thereafter, if a city's certified aid before any aid  
185.17 adjustment under subdivision 13 for the previous year is equal to or greater than its current  
185.18 unmet need, the total aid for a city is equal to the greater of (1) its unmet need plus any aid  
185.19 adjustment under subdivision 13, or (2) the amount it was certified to receive in the previous  
185.20 year minus the sum of (i) any adjustment under subdivision 13 that was paid in the previous  
185.21 year but has expired, and (ii) the lesser of \$10 multiplied by its population, or five percent  
185.22 of its net levy in the year prior to the aid distribution. No city may have a total aid amount  
185.23 less than \$0.

185.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
185.25 and thereafter.

185.26 Sec. 13. Minnesota Statutes 2018, section 477A.013, subdivision 13, is amended to read:

185.27 Subd. 13. **Certified aid adjustments.** ~~(a) A city that received an aid base increase under~~  
185.28 ~~Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (c), shall have its~~  
185.29 ~~total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in~~  
185.30 ~~2014 through 2018.~~

186.1 ~~(b)~~ (a) A city that received an aid base increase under Minnesota Statutes 2012, section  
186.2 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased  
186.3 by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

186.4 ~~(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section~~  
186.5 ~~477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased~~  
186.6 ~~by an amount equal to \$1,000,000 for aids payable in 2014 only.~~

186.7 (b) The city of Floodwood shall have its total aid under subdivision 9 increased by  
186.8 \$20,000 for aids payable in 2020 through 2024.

186.9 (c) The city of Hermantown shall have its total aid under subdivision 9 increased by  
186.10 \$200,000 for aids payable in 2020 through 2024.

186.11 (d) The city of West St. Paul shall have its total aid under subdivision 9 increased by  
186.12 \$920,000 for aids payable in 2020 through 2024.

186.13 (e) The city of Flensburg shall have its total aid under subdivision 9 increased by \$38,400  
186.14 for aids payable in 2020 only.

186.15 (f) The city of Lilydale shall have its total aid under subdivision 9 increased by \$275,000  
186.16 for aids payable in 2020 only.

186.17 (g) The city of Scanlon shall have its total aid under subdivision 9 increased by \$40,000  
186.18 for aids payable in 2020 through 2029.

186.19 (h) The city of East Grand Forks shall have its total aid under subdivision 9 increased  
186.20 by \$300,000 for aids payable in 2020 through 2024.

186.21 (i) The city of Virginia shall have its total aid under subdivision 9 increased by \$5,400,000  
186.22 for aids payable in 2020 only.

186.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
186.24 and thereafter.

186.25 Sec. 14. Minnesota Statutes 2018, section 477A.03, subdivision 2a, is amended to read:

186.26 Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section  
186.27 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and ~~thereafter~~ 2019,  
186.28 the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable  
186.29 in 2020, the total aid paid under subdivision 9 is \$570,390,952. For aids payable in 2021  
186.30 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$564,990,952.

187.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
187.2 and thereafter.

187.3 Sec. 15. Minnesota Statutes 2018, section 477A.03, subdivision 2b, is amended to read:

187.4 Subd. 2b. **Counties.** (a) For aids payable in 2018 ~~through 2024~~ and 2019, the total aid  
187.5 payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000  
187.6 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids  
187.7 payable in 2020 through 2024, the total aid payable under section 477A.0124, subdivision  
187.8 3, is \$119,091,470 and is subject to the allocations under paragraph (c). For aids payable  
187.9 in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is  
187.10 ~~\$100,795,000~~ \$116,091,470. Each calendar year, \$500,000 of this appropriation shall be  
187.11 retained by the commissioner of revenue to make reimbursements to the commissioner of  
187.12 management and budget for payments made under section 611.27. The reimbursements  
187.13 shall be to defray the additional costs associated with court-ordered counsel under section  
187.14 611.27. Any retained amounts not used for reimbursement in a year shall be included in the  
187.15 next distribution of county need aid that is certified to the county auditors for the purpose  
187.16 of property tax reduction for the next taxes payable year.

187.17 (b) For aids payable in 2018 and ~~thereafter 2019~~, the total aid under section 477A.0124,  
187.18 subdivision 4, is \$130,873,444. For aids payable in 2020 and thereafter, the total aid under  
187.19 section 477A.0124, subdivision 4, is \$146,169,914. The commissioner of revenue shall  
187.20 transfer to the commissioner of management and budget \$207,000 annually for the cost of  
187.21 preparation of local impact notes as required by section 3.987, and other local government  
187.22 activities. The commissioner of revenue shall transfer to the commissioner of education  
187.23 \$7,000 annually for the cost of preparation of local impact notes for school districts as  
187.24 required by section 3.987. The commissioner of revenue shall deduct the amounts transferred  
187.25 under this paragraph from the appropriation under this paragraph. The amounts transferred  
187.26 are appropriated to the commissioner of management and budget and the commissioner of  
187.27 education respectively.

187.28 (c) For aids payable under paragraph (a) in 2020 through 2024, \$3,000,000 shall be  
187.29 allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable  
187.30 under paragraph (a) in 2020, an additional \$750,000 must be allocated to Mahnomen County  
187.31 before the money appropriated to county need aid is apportioned among the counties. Of  
187.32 this increased aid amount allocated to Mahnomen County, one-third must be used by the  
187.33 county for the Mahnomen Health Center and one-third must be paid from the county to the

188.1 White Earth Band of Ojibwe to reimburse the band for the costs of delivering child welfare  
188.2 services.

188.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020  
188.4 and thereafter.

188.5 **Sec. 16. AID PENALTY FORGIVENESS; THE CITY OF WAUBUN.**

188.6 Notwithstanding Minnesota Statutes, section 477A.017, the city of Waubun may receive  
188.7 its second local government aid payment and small city assistance aid payment for aids  
188.8 payable in 2018 even though it did not file fiscal year 2017 financial reports with the state  
188.9 auditor as required under that section, provided that the required forms are submitted to the  
188.10 state auditor by May 31, 2019. The commissioner of revenue shall make the payments to  
188.11 the city of Waubun by June 30, 2019. Up to \$56,822 of the fiscal year 2019 appropriation  
188.12 for local government aid in Minnesota Statutes, section 477A.03, subdivision 2, is available  
188.13 for payment under this section. Up to \$3,771 of the fiscal year 2019 appropriation for the  
188.14 small city assistance program in Laws 2017, First Special Session chapter 3, article 1, section  
188.15 2, subdivision 4, clause (c), is available for payment under this section.

188.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

188.17 **Sec. 17. STATE FIRE AID PENALTY FORGIVENESS; AUSTIN.**

188.18 Notwithstanding any contrary provision of law, the city of Austin shall receive both its  
188.19 2016 state fire aid payment under Minnesota Statutes, section 69.021, subdivision 7, and  
188.20 its 2016 supplemental state aid payment under Minnesota Statutes, section 423A.022,  
188.21 provided that the sum of the fire state aid and the supplemental state aid that the city  
188.22 transmitted to the Austin Parttime Firefighters Relief Association in calendar year 2015 to  
188.23 fund the volunteers firefighters' service pensions met or exceeded the amount required under  
188.24 the bylaws of that association. The commissioner of revenue shall make a payment of  
188.25 \$103,891.48 for the state fire aid and \$25,201.92 for the supplemental aid to the city no  
188.26 later than June 30, 2019. \$129,093.40 in fiscal year 2019 is appropriated from the general  
188.27 fund to the commissioner of revenue to make the payments under this section.

188.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

188.29 **Sec. 18. APPROPRIATION OF LAPSED AMOUNTS; FIRE REMEDIATION**  
188.30 **GRANTS.**

188.31 (a) \$643,729 in fiscal year 2019 is appropriated from the general fund to the commissioner  
188.32 of public safety for grants to remediate the effects of fires in the city of Melrose on September

189.1 8, 2016. This appropriation represents the amounts that lapsed by the terms of the  
189.2 appropriation in Laws 2017, First Special Session chapter 1, article 4, section 31.

189.3 (b) A grant recipient must use the money appropriated under this section for remediation  
189.4 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel  
189.5 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,  
189.6 incurred by public or private entities as a result of the fires. This is a onetime appropriation  
189.7 and is available until June 30, 2022.

189.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

189.9 Sec. 19. **APPROPRIATION.**

189.10 \$5,000 in fiscal year 2020 only is appropriated from the general fund to the commissioner  
189.11 of revenue for a grant of \$2,600 to the city of Mazeppa and a grant of \$2,400 to Wabasha  
189.12 County. The grants shall be paid by July 20, 2019, and may be used for property tax  
189.13 abatements and other costs incurred by public and private entities as a result of a fire in the  
189.14 city of Mazeppa on March 11, 2018. This is a onetime appropriation.

189.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

## 189.16 **ARTICLE 7**

### 189.17 **LOCAL TAXES**

189.18 Section 1. Minnesota Statutes 2018, section 297A.99, subdivision 1, is amended to read:

189.19 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose  
189.20 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted  
189.21 by special law, or (4) if the political subdivision enacted and imposed the tax before January  
189.22 1, 1982, and its predecessor provision.

189.23 (b) This section governs the imposition of a general sales tax by the political subdivision.  
189.24 The provisions of this section preempt the provisions of any special law:

189.25 (1) enacted before June 2, 1997, or

189.26 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law  
189.27 provision from this section's rules by reference.

189.28 (c) This section does not apply to or preempt a sales tax on motor vehicles or a special  
189.29 excise tax on motor vehicles.

190.1 (d) A political subdivision may not advertise or expend funds for the promotion of a  
190.2 referendum to support imposing a local ~~option~~ sales tax; and may only spend funds related  
190.3 to imposing a local sales tax to:

190.4 ~~(e) Notwithstanding paragraph (d), a political subdivision may expend funds to:~~

190.5 (1) conduct the referendum;

190.6 (2) disseminate information included in the resolution adopted under subdivision 2, but  
190.7 only if the disseminated information includes a list of specific projects and the cost of each  
190.8 individual project;

190.9 (3) provide notice of, and conduct public forums at which proponents and opponents on  
190.10 the merits of the referendum are given equal time to express their opinions on the merits of  
190.11 the referendum;

190.12 (4) provide facts and data on the impact of the proposed local sales tax on consumer  
190.13 purchases; and

190.14 (5) provide facts and data related to the individual programs and projects to be funded  
190.15 with the local sales tax.

190.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

190.17 Sec. 2. Minnesota Statutes 2018, section 297A.99, is amended by adding a subdivision to  
190.18 read:

190.19 Subd. 1a. **Purpose statement.** Local sales taxes are to be used instead of traditional  
190.20 local revenues only for construction and rehabilitation of capital projects when a clear  
190.21 regional benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax  
190.22 revenues for local projects decreases the benefits to taxpayers of the deductibility of local  
190.23 property taxes and the state assistance provided through the property tax refund system and  
190.24 increases the fiscal inequities between similar communities.

190.25 Sec. 3. Minnesota Statutes 2018, section 297A.99, subdivision 2, is amended to read:

190.26 Subd. 2. **Local resolution before application for authority.** (a) Before the governing  
190.27 body of a political subdivision requests legislative approval ~~of~~ to impose a local sales tax  
190.28 authorized by a special law for a local sales tax that is administered under this section, it  
190.29 shall adopt a resolution indicating its approval of the tax. The resolution must include, ~~at a~~  
190.30 ~~minimum,~~ the following information on:

190.31 (1) the proposed tax rate, ~~how the revenues will be used;~~<sub>2</sub>

191.1 (2) a detailed description of no more than five capital projects that will be funded with  
191.2 revenue from the tax;

191.3 (3) documentation of the share of the economic benefit to or use of each project by  
191.4 persons residing, or businesses located, outside of the jurisdiction;

191.5 (4) the amount of local sales tax revenue that would be used for each project and the  
191.6 estimated time needed to raise that amount of revenue; and

191.7 (5) the total revenue that will be raised for all projects before the tax expires, and the  
191.8 estimated length of time that the tax will be in effect if all proposed projects are funded.

191.9 ~~This subdivision applies to local laws enacted after June 30, 1998.~~ (b) The jurisdiction  
191.10 seeking authority to impose a local sales tax by special law must submit the resolution in  
191.11 paragraph (a) along with underlying documentation indicating how the benefits under  
191.12 paragraph (a), clause (3), were determined, to the chairs of both the senate and house  
191.13 committees with jurisdiction over taxes no later than January 31 of the year in which the  
191.14 jurisdiction is seeking a special law authorizing the tax.

191.15 (c) The special legislation granting local sales tax authority is not required to allow  
191.16 funding for all projects listed in the resolution with the revenue from the local sales tax, but  
191.17 must not include any projects not contained in the resolution.

191.18 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
191.19 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

191.20 Sec. 4. Minnesota Statutes 2018, section 297A.99, subdivision 3, is amended to read:

191.21 Subd. 3. **Legislative authority required before voter approval; requirements for**  
191.22 **adoption, use, termination.** (a) A political subdivision must receive legislative authority  
191.23 to impose a local sales tax before submitting the tax for approval by voters of the political  
191.24 subdivision. Imposition of a local sales tax is subject to approval by voters of the political  
191.25 subdivision at a general election. The election must be conducted before at a general election  
191.26 within the two-year period after the governing body of the political subdivision requests  
191.27 legislative approval of has received authority to impose the tax. If the authorizing legislation  
191.28 allows the tax to be imposed for more than one project, there must be a separate question  
191.29 approving the use of the tax revenue for each project. Notwithstanding the authorizing  
191.30 legislation, a project that is not approved by the voters may not be funded with the local  
191.31 sales tax revenue and the termination date of the tax set in the authorizing legislation must  
191.32 be reduced proportionately based on the share of that project's cost to the total costs of all  
191.33 projects included in the authorizing legislation.

192.1 (b) The proceeds of the tax must be dedicated exclusively to payment of the ~~cost of a~~  
192.2 construction and rehabilitation costs and associated bonding costs related to the specific  
192.3 capital improvement which is designated at least 90 days before the referendum on imposition  
192.4 of the tax is conducted projects that were approved by the voters under paragraph (a).

192.5 (c) The tax must terminate after ~~the improvement designated under paragraph (b) has~~  
192.6 been completed the revenues raised are sufficient to fund the projects approved by the voters  
192.7 under paragraph (a).

192.8 (d) After a sales tax imposed by a political subdivision has expired or been terminated,  
192.9 the political subdivision is prohibited from imposing a local sales tax for a period of one  
192.10 year. ~~Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect~~  
192.11 ~~at the time of or imposed after May 26, 1999.~~

192.12 (e) Notwithstanding paragraph (a), if a political subdivision received voter approval to  
192.13 seek authority for a local sales tax at the November 6, 2018, general election and is granted  
192.14 authority to impose a local sales tax before January 1, 2021, the tax may be imposed without  
192.15 an additional referendum provided that it meets the requirements of subdivision 2 and the  
192.16 list of specific projects contained in the resolution does not conflict with the projects listed  
192.17 in the approving referendum.

192.18 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
192.19 applies to all local sales taxes not authorized by the legislature before July 1, 2019.

192.20 Sec. 5. Laws 1980, chapter 511, section 1, subdivision 1, is amended to read:

192.21 Subdivision 1. (a) Minnesota Statutes, section 477A.01, Subdivision 18 477A.016, shall  
192.22 not be deemed to prohibit the city of Duluth from amending its sales and use tax ordinances  
192.23 so as to impose a sales ~~or~~ and use tax at the rate of one percent upon any or all sales or uses  
192.24 which are taxed by the state of Minnesota pursuant to Minnesota Statutes, chapter 297A ~~or~~  
192.25 ~~297B.~~

192.26 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter,  
192.27 or other provision of law, pursuant to the approval of the voters at the election on November  
192.28 7, 2017, the city of Duluth may impose by ordinance an additional sales and use tax of  
192.29 one-half of one percent for the purposes specified in paragraph (c). The provisions of  
192.30 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
192.31 enforcement of the taxes authorized under this paragraph. The tax may not be imposed until  
192.32 the city complies with the provisions of section 31.



193.1 (c) Revenues received from the tax authorized by paragraph (b) must be used to pay all  
193.2 or part of the capital and administrative costs of street, curb, gutter, sidewalk, and bridge  
193.3 improvements including related lighting and signals in the city of Duluth as outlined in the  
193.4 Duluth Street Improvement Program 2017, developed by the engineer of the city of Duluth  
193.5 as designated August 8, 2017.

193.6 (d) Revenues from the tax authorized by paragraph (b) must be used to pay all or part  
193.7 of the improvements listed in paragraph (c) that are located within the district established  
193.8 under Minnesota Statutes, section 469.51. The total expenditures required under this  
193.9 paragraph and Minnesota Statutes, section 469.52, subdivision 6, must equal at least  
193.10 \$20,000,000. The allocation required under this paragraph expires ten years after the date  
193.11 of initial imposition of the tax. Projects authorized under this paragraph must be included  
193.12 in the development plan approved by the Regional Exchange District Advisory Board in  
193.13 consultation with the medical business entity east and medical business entity west.

193.14 (e) The city of Duluth, pursuant to the approval of the voters at the November 7, 2017,  
193.15 referendum authorizing the imposition of the taxes in this section, may issue bonds under  
193.16 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects  
193.17 described in paragraph (c), until the tax terminates as provided in paragraph (f). A separate  
193.18 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

193.19 (f) The tax authorized under this subdivision terminates at the earlier of: (1) 25 years  
193.20 after the date of initial imposition of the tax; or (2) when the city council determines that  
193.21 sufficient funds have been raised from the tax to finance the capital and administrative costs  
193.22 of the improvements described in paragraph (c), plus the additional amount needed to pay  
193.23 the costs related to issuance of bonds under paragraph (e), including interest bonds. Any  
193.24 funds remaining after completion of the projects specified in paragraph (c) and retirement  
193.25 or redemption of bonds in paragraph (e) shall be placed in the general fund of the city. The  
193.26 tax imposed under paragraph (b) may expire at an earlier time if the city so determines by  
193.27 ordinance.

193.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
193.29 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
193.30 subdivisions 2 and 3.

194.1 Sec. 6. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session  
194.2 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, is amended  
194.3 to read:

194.4 **Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.**

194.5 The city may, by resolution, levy in addition to taxes authorized by other law:

194.6 (1) a sales tax of not more than three percent on the gross receipts on retail on-sales of  
194.7 intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor  
194.8 establishments located within the downtown taxing area, provided that this tax may not be  
194.9 imposed if sales of intoxicating liquor and fermented malt beverages are exempt from  
194.10 taxation under chapter 297A;

194.11 (2) a sales tax of not more than three percent on the gross receipts from the furnishing  
194.12 for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming  
194.13 house, tourist court, or trailer camp located within the city by a hotel or motel which has  
194.14 more than 50 rooms available for lodging; ~~the tax imposed under this clause shall be at a~~  
194.15 ~~rate that, when added to the sum of the rate of the sales tax imposed under Minnesota~~  
194.16 ~~Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any~~  
194.17 ~~other taxes on lodging in the city of Minneapolis, equals 13 percent; and~~

194.18 (3) a sales tax of not more than three percent on the gross receipts on all sales of food  
194.19 primarily for consumption on or off the premises by restaurants and places of refreshment  
194.20 as defined by resolution of the city that occur within the downtown taxing area.

194.21 The taxes authorized by this section must not be terminated before January 1, 2047. The  
194.22 taxes shall be imposed and may be adjusted periodically by the city council such that the  
194.23 rates imposed produce revenue sufficient, together with the tax imposed under section 4,  
194.24 to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4,  
194.25 subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes,  
194.26 section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain,  
194.27 and fund the payment of any principal of, premium on, and interest on any bonds or any  
194.28 other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter  
194.29 into appropriate agreements with the city to provide for the collection of these taxes by the  
194.30 state on behalf of the city. These taxes shall be subject to the same interest, penalties, and  
194.31 enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

194.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
194.33 30, 2019.

195.1 Sec. 7. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article  
195.2 8, section 24, and Laws 2011, chapter 112, article 4, section 6, is amended to read:

195.3 **Sec. 31. AUTHORITY FOR TAXATION.**

195.4 Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and  
195.5 supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city  
195.6 of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~three~~ four percent, on  
195.7 the gross receipts from the furnishing for consideration of lodging and related services at a  
195.8 hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of  
195.9 space for a continuous period of 30 days or more. The tax does not apply to the furnishing  
195.10 of lodging and related services by a business having less than 50 lodging rooms. The tax  
195.11 shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues  
195.12 generated by this tax shall be used to fund a convention bureau to market and promote the  
195.13 city as a tourist or convention center.

195.14 **EFFECTIVE DATE.** This section is effective the first day of the calendar quarter  
195.15 beginning at least 30 days after the governing body of the city of St. Paul and its chief  
195.16 clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

195.17 Sec. 8. Laws 1994, chapter 587, article 9, section 11, is amended to read:

195.18 **Sec. 11. TWO HARBORS LODGING TAX.**

195.19 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a  
195.20 tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors may impose,  
195.21 by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax  
195.22 under Minnesota Statutes, section 469.190. The proceeds of the tax shall be dedicated and  
195.23 used to provide preservation, display, and interpretation of the tug boat Edna G. The total  
195.24 tax imposed by the city under this section, by Lake County under section 23, and under  
195.25 Minnesota Statutes, section 469.190, shall not exceed ~~three~~ five percent.

195.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
195.27 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
195.28 645.021, subdivisions 2 and 3.

195.29 Sec. 9. Laws 1998, chapter 389, article 8, section 45, subdivision 1, is amended to read:

195.30 Subdivision 1. **Sales and use taxes.** (a) Notwithstanding Minnesota Statutes, section  
195.31 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters

196.1 of the city at the next general election held after the date of final enactment of this act, the  
196.2 city of Two Harbors may impose by ordinance, a sales and use tax at a rate of up to one-half  
196.3 of one percent for the purposes specified in subdivision 3, paragraph (a).

196.4 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
196.5 sections 297A.99 and 477A.016, or any other law, ordinance, or city charter, and as approved  
196.6 by the voters at the November 6, 2018, general election, the city of Two Harbors may, by  
196.7 ordinance, impose an additional sales and use tax at a rate of one-half of one percent for  
196.8 the purposes specified in subdivision 3, paragraph (b). The tax may not be imposed until  
196.9 the city complies with the provisions of section 31.

196.10 (c) The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern the  
196.11 imposition, administration, collection, and enforcement of the tax authorized under this  
196.12 subdivision.

196.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
196.14 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
196.15 645.021, subdivisions 2 and 3.

196.16 Sec. 10. Laws 1998, chapter 389, article 8, section 45, subdivision 3, as amended by Laws  
196.17 2008, chapter 366, article 7, section 11, is amended to read:

196.18 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized under  
196.19 subdivision 1, paragraph (a), must be used for sanitary sewer separation, wastewater  
196.20 treatment, water system improvements, and harbor refuge development projects.

196.21 (b) Revenues from the tax authorized under subdivision 1, paragraph (b), must be used  
196.22 by the city of Two Harbors to pay the costs of collecting and administering the tax and to  
196.23 finance the capital and administrative costs of water and sewer infrastructure projects  
196.24 including gravity-fed sewer mains, water mains, drain tile, service lines, street patching,  
196.25 acquiring property, related engineering, and construction expenses.

196.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
196.27 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
196.28 645.021, subdivisions 2 and 3.

196.29 Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 4, is amended to read:

196.30 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
196.31 chapter 475, to finance the capital expenditure and improvement projects under subdivision  
196.32 1, paragraph (a). An election to approve the bonds under Minnesota Statutes, section 475.58,

197.1 may be held in combination with the election to authorize imposition of the tax under  
197.2 subdivision 1, paragraph (a). Whether to permit imposition of the tax and issuance of bonds  
197.3 may be posed to the voters as a single question. The question must state that the sales tax  
197.4 revenues are pledged to pay the bonds, but that the bonds are general obligations and will  
197.5 be guaranteed by the city's property taxes.

197.6 (b) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and  
197.7 administrative expenses for the projects described in subdivision 3, paragraph (b), in an  
197.8 amount that does not exceed \$30,000,000. An election to approve the bonds under Minnesota  
197.9 Statutes, section 475.58, is not required.

197.10 (c) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
197.11 section 275.60.

197.12 ~~(e)~~ (d) The bonds are not included in computing any debt limitation applicable to the  
197.13 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
197.14 interest on the bonds is not subject to any levy limitation.

197.15 The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to  
197.16 pay eligible capital expenditures and improvements under subdivision 3, paragraph (a), may  
197.17 not exceed \$20,000,000, plus an amount equal to the costs related to issuance of the bonds.

197.18 ~~(d)~~ (e) The taxes may be pledged to and used for the payment of the bonds and any bonds  
197.19 issued to refund them, only if the bonds and any refunding bonds are general obligations  
197.20 of the city.

197.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
197.22 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
197.23 645.021, subdivisions 2 and 3.

197.24 Sec. 12. Laws 1998, chapter 389, article 8, section 45, subdivision 5, is amended to read:

197.25 Subd. 5. **Termination of taxes.** (a) The authority granted under subdivision 1, paragraph  
197.26 (a), to the city of Two Harbors to impose sales and use taxes expires when the costs of the  
197.27 projects described in subdivision 3, paragraph (a), have been paid.

197.28 (b) The authority granted under subdivision 1, paragraph (b), expires at the earlier of:  
197.29 (1) 25 years after the tax is first imposed; or (2) when the city council determines that the  
197.30 amount of revenues received from the taxes first equals or exceeds \$30,000,000, plus the  
197.31 additional amount needed to pay the costs related to issuance of bonds under subdivision  
197.32 4, paragraph (b), including interest on the bonds. Any funds remaining after completion of  
197.33 the project and retirement or redemption of the bonds may be placed in the general fund of

198.1 the city. The taxes imposed under subdivision 1, paragraph (b), may expire at an earlier  
198.2 time if the city so determines by ordinance.

198.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
198.4 city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section  
198.5 645.021, subdivisions 2 and 3.

198.6 Sec. 13. Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3,  
198.7 is amended to read:

198.8 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1  
198.9 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the  
198.10 following projects:

198.11 (1) \$4,500,000 for construction and completion of park improvement projects, including  
198.12 St. Louis River riverfront improvements; Veteran's Park construction and improvements;  
198.13 improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital  
198.14 equipment and building and grounds improvements at the Pine Valley Park/Pine Valley  
198.15 Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within  
198.16 the city;

198.17 (2) \$5,800,00 for extension of utilities and the construction of all improvements associated  
198.18 with the development of property adjacent to Highway 33 and Interstate Highway 35,  
198.19 including payment of all debt service on bonds issued for these; and

198.20 (3) \$6,200,000 for engineering and construction of infrastructure improvements,  
198.21 including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as  
198.22 part of the city's comprehensive land use plan.

198.23 Authorized expenses include, but are not limited to, acquiring property and paying  
198.24 construction expenses related to these improvements, and paying debt service on bonds or  
198.25 other obligations issued to finance acquisition and construction of these improvements.

198.26 Notwithstanding the revenue allocations in clauses (1) and (3), if the amount spent for the  
198.27 improvements under clause (2) are less than the \$5,800,000 allowed under that clause, the  
198.28 total amount spent for the purposes listed in clauses (1) and (3) may be increased by the  
198.29 difference between \$5,800,000 and the amount actually spent under clause (2). However,  
198.30 the total expenditures for projects under this subdivision may not exceed \$16,500,000,  
198.31 excluding any costs related to issuance of bonds under subdivision 4.

199.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
199.2 city of Cloquet and its chief clerical officer comply with the provisions of section 645.021,  
199.3 subdivisions 2 and 3.

199.4 Sec. 14. **CITY OF AVON; TAXES AUTHORIZED.**

199.5 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,  
199.6 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
199.7 charter, the city of Avon, pursuant to approval by the voters at the general election on  
199.8 November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one  
199.9 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
199.10 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
199.11 administration, collection, and enforcement of the tax authorized under this subdivision.  
199.12 The tax may not be imposed until the city complies with the provisions of section 31.

199.13 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
199.14 must be used by the city to:

199.15 (1) pay the costs of collecting and administering the tax;

199.16 (2) pay the capital and administrative costs of transportation improvement projects as  
199.17 adopted in the city of Avon's street priority improvement plan; and

199.18 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
199.19 finance the improvements listed in this subdivision in the city.

199.20 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
199.21 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
199.22 principal amount of bonds issued under this subdivision may not exceed \$1,500,000 plus  
199.23 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may  
199.24 be paid from or secured by any funds available to the city, including the tax authorized  
199.25 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
199.26 Statutes, sections 275.60 and 275.61.

199.27 (b) The bonds are not included in computing any debt limitation applicable to the city,  
199.28 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
199.29 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
199.30 under Minnesota Statutes, section 475.58, is not required.

199.31 Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the  
199.32 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$1,500,000  
199.33 has been received from the tax to pay for the cost of the projects authorized under subdivision

200.1 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized  
200.2 under subdivision 3, including interest on the bonds.

200.3 (b) Any funds remaining after payment of all such costs and retirement or redemption  
200.4 of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision  
200.5 1 may expire at an earlier time if the city so determines by ordinance.

200.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
200.7 city and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
200.8 subdivisions 2 and 3.

200.9 Sec. 15. **CITY OF BLUE EARTH; LOCAL TAX AUTHORIZED.**

200.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
200.11 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters  
200.12 at the general election of November 6, 2018, the city of Blue Earth may impose by ordinance  
200.13 a sales and use tax of one-half of one percent for the purposes specified in subdivision 2.  
200.14 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
200.15 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
200.16 authorized under this subdivision. The tax may not be imposed until the city complies with  
200.17 the provisions of section 31.

200.18 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
200.19 under subdivision 1 must be used by the city of Blue Earth to pay the costs of collecting  
200.20 and administering the tax and to finance the capital and administrative costs of constructing  
200.21 and funding sewer plant improvements, street reconstruction projects, and recreational  
200.22 amenities. The total that may be raised from the tax to pay for these projects is limited to  
200.23 \$5,000,000, plus the costs related to the issuance and paying debt service on bonds for these  
200.24 projects.

200.25 Subd. 3. **Bonding authority.** (a) The city of Blue Earth may issue bonds under Minnesota  
200.26 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
200.27 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
200.28 not exceed \$5,000,000, plus an amount to be applied to the payment of the costs of issuing  
200.29 the bonds. The bonds may be paid from or secured by any funds available to the city of  
200.30 Blue Earth, including the tax authorized under subdivision 1. The issuance of bonds under  
200.31 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

200.32 (b) The bonds are not included in computing any debt limitation applicable to the city  
200.33 of Blue Earth, and any levy of taxes under Minnesota Statutes, section 475.61, to pay



201.1 principal and interest on the bonds is not subject to any levy limitation. A separate election  
201.2 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

201.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
201.4 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
201.5 that \$5,000,000, plus an amount sufficient to pay the costs related to issuing the bonds  
201.6 authorized under subdivision 3, including interest on the bonds, has been received from the  
201.7 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
201.8 after payment of all such costs and retirement or redemption of the bonds due to timing of  
201.9 the termination under Minnesota Statutes, section 297A.99, shall be placed in the general  
201.10 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
201.11 city so determines by ordinance.

201.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
201.13 city of Blue Earth and its chief clerical officer comply with Minnesota Statutes, section  
201.14 645.021, subdivisions 2 and 3.

201.15 Sec. 16. **CITY OF CAMBRIDGE; TAX AUTHORIZED.**

201.16 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
201.17 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
201.18 and as approved by the voters at the November 6, 2018, general election, the city of  
201.19 Cambridge may impose, by ordinance, a sales and use tax of one-half of one percent for  
201.20 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
201.21 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
201.22 collection, and enforcement of the tax authorized under this subdivision. The tax may not  
201.23 be imposed until the city complies with the provisions of section 31 as it relates to funding  
201.24 of the street improvements in subdivision 2, clause (2).

201.25 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
201.26 under subdivision 1 must be used by the city of Cambridge to pay the costs of collecting  
201.27 and administering the tax and paying for the following infrastructure projects in the city,  
201.28 including securing and paying debt service on bonds issued to finance all or part of the  
201.29 following projects:

201.30 (1) \$8,000,000 plus associated bonding costs for construction of a new facility to house  
201.31 the Cambridge Public Library and the East Central Regional Library Headquarters; and

202.1 (2) \$14,000,000 plus associated bonding costs for street improvements outlined in the  
202.2 Street Capital Improvement Program approved by the city council as of January 22, 2019,  
202.3 and outdoor park improvements described in the park master plan as of January 22, 2019.

202.4 Subd. 3. **Bonding authority.** (a) The city of Cambridge may issue bonds under Minnesota  
202.5 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
202.6 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
202.7 not exceed: (1) \$8,000,000 for the project listed in subdivision 2, clause (1), plus an amount  
202.8 applied to the payment of costs of issuing the bonds; and (2) \$14,000,000 for the projects  
202.9 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing  
202.10 the bonds. The bonds may be paid from or secured by any funds available to the city of  
202.11 Cambridge, including the tax authorized under subdivision 1. The issuance of bonds under  
202.12 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

202.13 (b) The bonds are not included in computing any debt limitation applicable to the city.  
202.14 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
202.15 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
202.16 under Minnesota Statutes, section 475.58, is not required.

202.17 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
202.18 earlier of: (1) December 31, 2043; or (2) when the city council determines that the city has  
202.19 received from this tax \$22,000,000 to fund the projects listed in subdivision 2 plus an amount  
202.20 sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized  
202.21 in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of  
202.22 the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's  
202.23 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
202.24 so determines by ordinance.

202.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
202.26 city of Cambridge and its chief clerical officer comply with Minnesota Statutes, section  
202.27 645.021, subdivisions 2 and 3.

202.28 Sec. 17. **CITY OF DETROIT LAKES; LOCAL SALES AND USE TAX**  
202.29 **AUTHORIZED.**

202.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
202.31 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
202.32 and as approved by the voters at the November 6, 2018, general election, the city of Detroit  
202.33 Lakes may impose, by ordinance, a sales and use tax of one-half of one percent for the  
202.34 purposes specified in subdivision 2. Except as otherwise provided in this section, the

203.1 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
203.2 collection, and enforcement of the tax authorized under this subdivision.

203.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
203.4 under subdivision 1 must be used by the city of Detroit Lakes to pay the costs of collecting  
203.5 and administering the tax, and construction of a new police department facility in the city,  
203.6 including securing and paying debt service on bonds issued to finance all or part of this  
203.7 project. The total amount of the police department facility to be funded with the tax imposed  
203.8 under subdivision 1 shall not exceed \$6,700,000, excluding associated debt service costs.

203.9 Subd. 3. **Bonding authority.** (a) The city of Detroit Lakes may issue bonds under  
203.10 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
203.11 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
203.12 subdivision may not exceed \$6,700,000, plus an amount applied to the payment of costs of  
203.13 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
203.14 city of Detroit Lakes, including the tax authorized under subdivision 1. The issuance of  
203.15 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
203.16 275.61.

203.17 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
203.18 Detroit Lakes and are not included in computing any debt limitation applicable to the city.  
203.19 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
203.20 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
203.21 under Minnesota Statutes, section 475.58, is not required.

203.22 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
203.23 earlier of: (1) ten years after the tax is first imposed; or (2) when the city council determines  
203.24 that the city has received \$6,700,000 from this tax to fund the projects listed in subdivision  
203.25 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
203.26 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
203.27 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
203.28 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an  
203.29 earlier time if the city so determines by ordinance.

203.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
203.31 city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section  
203.32 645.021, subdivisions 2 and 3.

204.1 Sec. 18. **CITY OF ELK RIVER; TAX AUTHORIZED.**

204.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
204.3 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and as approved  
204.4 by the voters at the November 6, 2018, general election, the city of Elk River may impose,  
204.5 by ordinance, a sales and use tax of one-half of one percent for the purposes specified in  
204.6 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
204.7 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
204.8 of the tax authorized under this subdivision.

204.9 **Subd. 2. Use of sales and use tax revenues.** (a) The revenues derived from the tax  
204.10 authorized under subdivision 1 must be used by the city of Elk River to:

204.11 (1) pay the costs of collecting and administering the tax;

204.12 (2) pay the capital and administrative costs of various recreational facility and park  
204.13 improvements including any or all of the following: a multipurpose recreational facility  
204.14 such as an ice arena, a community meeting and activity space, and a synthetic turf field  
204.15 house; senior center facility improvements; Lion John Weicht Park improvements, Lions  
204.16 Park Center space improvements, and a community picnic pavilion addition; youth athletic  
204.17 complex improvements; Orono Park improvements; dredging Lake Orono; and citywide  
204.18 trail connection improvements; and

204.19 (3) secure and pay debt service on bonds issued to finance all or part of the projects  
204.20 listed in clause (2).

204.21 (b) The total that may be raised from the tax to pay for these projects is limited to  
204.22 \$35,000,000, plus the costs related to the issuance and paying debt service on bonds for  
204.23 these projects.

204.24 **Subd. 3. Bonding authority.** (a) The city of Elk River may issue bonds under Minnesota  
204.25 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
204.26 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
204.27 not exceed \$35,000,000, plus an amount applied to the payment of costs of issuing the  
204.28 bonds. The bonds may be paid from or secured by any funds available to the city of Elk  
204.29 River, including the tax authorized under subdivision 1. The issuance of bonds under this  
204.30 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

204.31 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
204.32 Elk River and are not included in computing any debt limitation applicable to the city. Any  
204.33 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on

205.1 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
205.2 under Minnesota Statutes, section 475.58, is not required.

205.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
205.4 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
205.5 that the city has received \$35,000,000 from this tax to fund the projects listed in subdivision  
205.6 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
205.7 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
205.8 costs due to timing of the termination under section 297A.99 shall be placed in the city's  
205.9 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
205.10 so determines by ordinance.

205.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
205.12 city of Elk River and its chief clerical officer comply with Minnesota Statutes, section  
205.13 645.021, subdivisions 2 and 3.

205.14 Sec. 19. **CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.**

205.15 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
205.16 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
205.17 charter, the city of Excelsior may impose, by ordinance, a sales and use tax of up to one-half  
205.18 of one percent for the purposes specified in subdivision 2, if approved by the voters at a  
205.19 general election held before December 31, 2020. Except as otherwise provided in this  
205.20 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
205.21 administration, collection, and enforcement of the tax authorized under this subdivision.

205.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
205.23 under subdivision 1 must be used by the city of Excelsior to pay the costs of collecting and  
205.24 administering the tax and to finance the capital and administrative costs of improvements  
205.25 to the commons as indicated in the Commons Master Plan as adopted by the city council  
205.26 on November 20, 2017. Authorized expenses include, but are not limited to, improvements  
205.27 for walkability and accessibility, enhancement of beach area and facilities, prevention and  
205.28 management of shoreline erosion, redesign of the port and band shell, improvement of  
205.29 playground equipment, and securing and paying debt service on bonds issued under  
205.30 subdivision 3 or other obligations issued to the improvements listed in this subdivision in  
205.31 the city of Excelsior.

205.32 Subd. 3. **Bonding authority.** (a) If the imposition of the tax is approved by the voters  
205.33 under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter  
205.34 475, to finance all or a portion of the costs of the projects authorized in subdivision 2,

206.1 without a second vote. The aggregate principal amount of bonds issued under this subdivision  
206.2 may not exceed \$7,000,000, plus an amount to be applied to the payment of the costs of  
206.3 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
206.4 city of Excelsior, including the tax authorized under subdivision 1. The issuance of bonds  
206.5 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

206.6 (b) The bonds are not included in computing any debt limitation applicable to the city  
206.7 of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
206.8 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
206.9 the bonds under Minnesota Statutes, section 475.58, is not required.

206.10 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the later  
206.11 of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that  
206.12 \$7,000,000 has been received from the tax to pay for the cost of the projects authorized  
206.13 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
206.14 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
206.15 after payment of all such costs and retirement or redemption of the bonds shall be placed  
206.16 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
206.17 time if the city so determines by ordinance.

206.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
206.19 city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section  
206.20 645.021, subdivisions 2 and 3.

206.21 Sec. 20. **CITY OF GLENWOOD; TAX AUTHORIZED.**

206.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
206.23 section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters  
206.24 at the November 6, 2018, general election, the city of Glenwood may impose, by ordinance,  
206.25 a sales and use tax of up to one-half of one percent for the purposes specified in subdivision  
206.26 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
206.27 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
206.28 authorized under this subdivision. The tax may not be imposed until the city complies with  
206.29 the provisions of section 31.

206.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
206.31 under subdivision 1 must be used by the city of Glenwood to pay the costs of collecting and  
206.32 administering the tax and to finance, including securing and paying debt service on, all or  
206.33 part of the following projects:

207.1 (1) the capital costs of the Phases II and III improvements to 2nd Street SE as set forth  
207.2 in the city's capital improvement plan;

207.3 (2) the development and expansion of, and improvements to, city parks, trails, and  
207.4 recreational facilities; and

207.5 (3) improvements to Glenwood City Hall and police station.

207.6 Subd. 3. **Bonding authority.** (a) The city of Glenwood may issue bonds under Minnesota  
207.7 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
207.8 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
207.9 not exceed \$2,800,000, plus an amount applied to the payment of costs of issuing the bonds.  
207.10 The bonds may be paid from or secured by any funds available to the city of Glenwood,  
207.11 including the tax authorized under subdivision 1. The issuance of bonds under this  
207.12 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

207.13 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
207.14 Glenwood and are not included in computing any debt limitation applicable to the city. Any  
207.15 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
207.16 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
207.17 under Minnesota Statutes, section 475.58, is not required.

207.18 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
207.19 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
207.20 that the city has received \$2,800,000 from this tax to fund the projects listed in subdivision  
207.21 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
207.22 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
207.23 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
207.24 placed in the city's general fund. The tax imposed under subdivision 1 may expire at an  
207.25 earlier time if the city so determines by ordinance.

207.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
207.27 city of Glenwood and its chief clerical officer comply with Minnesota Statutes, section  
207.28 645.021, subdivisions 2 and 3.

207.29 Sec. 21. **CITY OF INTERNATIONAL FALLS; TAX AUTHORIZED.**

207.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
207.31 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
207.32 and as approved by the voters at the November 6, 2018, general election, the city of  
207.33 International Falls may impose, by ordinance, a sales and use tax of up to one percent for

208.1 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
208.2 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
208.3 collection, and enforcement of the tax authorized under this subdivision. The tax may not  
208.4 be imposed until the city complies with the provisions of section 31.

208.5 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
208.6 under subdivision 1 must be used by the city of International Falls to pay the costs of  
208.7 collecting and administering the tax, and paying for transportation and other public  
208.8 infrastructure projects in the city, including securing and paying debt service on bonds  
208.9 issued to finance all or part of these projects. The total amount of transportation and other  
208.10 public infrastructure projects to be funded with the tax imposed under subdivision 1 shall  
208.11 not exceed \$30,000,000, excluding associated debt service costs.

208.12 Subd. 3. **Bonding authority.** (a) The city of International Falls may issue bonds under  
208.13 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
208.14 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
208.15 subdivision may not exceed \$30,000,000, plus an amount applied to the payment of costs  
208.16 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
208.17 city of International Falls, including the tax authorized under subdivision 1. The issuance  
208.18 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
208.19 275.61.

208.20 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
208.21 International Falls and are not included in computing any debt limitation applicable to the  
208.22 city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
208.23 interest on the bonds is not subject to any levy limitation. A separate election to approve  
208.24 the bonds under Minnesota Statutes, section 475.58, is not required.

208.25 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
208.26 earlier of: (1) 30 years after the tax is first imposed; or (2) when the city council determines  
208.27 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision  
208.28 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
208.29 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
208.30 costs due to timing of the termination under section 297A.99 shall be placed in the general  
208.31 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
208.32 city so determines by ordinance.



209.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
209.2 city of International Falls and its chief clerical officer comply with Minnesota Statutes,  
209.3 section 645.021, subdivisions 2 and 3.

209.4 **Sec. 22. CITY OF LA CRESCENT; LOCAL LODGING TAX AUTHORIZED.**

209.5 Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a  
209.6 tax authorized in Minnesota Statutes, section 469.190, the city of La Crescent may impose  
209.7 by ordinance a tax of up to two percent on the gross receipts subject to the lodging tax under  
209.8 Minnesota Statutes, section 469.190. The proceeds of the tax shall be split evenly between  
209.9 (1) the city chamber of commerce to promote tourism in southeastern Minnesota, and (2)  
209.10 the La Crescent Area Event Center to promote local tourism.

209.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
209.12 city of La Crescent and its chief clerical officer comply with Minnesota Statutes, section  
209.13 645.021, subdivisions 2 and 3.

209.14 **Sec. 23. LAKE COUNTY; LOCAL LODGING TAX AUTHORIZED.**

209.15 Subdivision 1. **Lodging tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016,  
209.16 or any other provision of law, ordinance, or city charter, the Board of Commissioners of  
209.17 Lake County may impose, by ordinance, a tax of up to four percent on the gross receipts  
209.18 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition  
209.19 to any tax imposed under Minnesota Statutes, section 469.190. The total tax imposed by  
209.20 the county under this section, by the city of Two Harbors under Laws 1994, chapter 587,  
209.21 article 9, section 11, and under Minnesota Statutes, section 469.190, must not exceed seven  
209.22 percent.

209.23 (b) No other city or town located in Lake County that did not impose a local sales tax  
209.24 under Minnesota Statutes, section 469.190, prior to May 1, 2019, may impose a tax under  
209.25 Minnesota Statutes, section 469.190, while a tax is in effect under this section.

209.26 Subd. 2. **Allowed use of revenues.** The revenues derived from the taxes imposed in  
209.27 subdivision 1 must be used to fund a new Lake County Event and Visitors Bureau as  
209.28 established by or contracted with the Board of Commissioners of Lake County. The Board  
209.29 of Commissioners must use 75 percent of revenues for marketing the county and 25 percent  
209.30 of revenues to fund and promote community events and festivals in the county. The Board  
209.31 of Commissioners of Lake County must annually review the budget of the Lake County  
209.32 Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised

210.1 from the taxes imposed in subdivision 1 until the Board of Commissioners approves the  
210.2 annual budget.

210.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of Lake  
210.4 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
210.5 subdivisions 2 and 3.

210.6 Sec. 24. **CITY OF NORTH MANKATO; LOCAL FOOD AND BEVERAGE TAX**  
210.7 **AUTHORIZED.**

210.8 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,  
210.9 section 477A.016, or any ordinance, city charter, or other provision of law, the city of North  
210.10 Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts  
210.11 on all sales of food and beverages by a restaurant or place of refreshment, as defined by  
210.12 resolution of the city, that are located within the city. For purposes of this section, "food  
210.13 and beverages" includes retail on-sale of intoxicating liquor and fermented malt beverages.

210.14 Subd. 2. **Use of proceeds from tax.** (a) The proceeds of any tax imposed under  
210.15 subdivision 1 shall be used by the city to pay all or a portion of the expenses of:

210.16 (1) operation, maintenance, and capital expenses for the Caswell Park Regional Sporting  
210.17 Complex; and

210.18 (2) for costs related to regional tourism events.

210.19 (b) Authorized capital expenses include securing or paying debt service on bonds or  
210.20 other obligations issued to finance the construction of the Caswell Park Regional Sporting  
210.21 Complex facilities.

210.22 Subd. 3. **Collection, administration, and enforcement.** If the city desires, it may enter  
210.23 into an agreement with the commissioner of revenue to administer, collect, and enforce the  
210.24 taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax,  
210.25 the provisions of Minnesota Statutes, section 297A.99, related to collection, administration,  
210.26 and enforcement apply.

210.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
210.28 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section  
210.29 645.021, subdivisions 2 and 3.

211.1 **Sec. 25. CITY OF PERHAM; LOCAL SALES AND USE TAX AUTHORIZED.**

211.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
211.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and  
211.4 based on the approval by the voters at the November 6, 2018, election, the city of Perham  
211.5 may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes  
211.6 specified in subdivision 2. Except as otherwise provided in this section, the provisions of  
211.7 Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and  
211.8 enforcement of the tax authorized under this subdivision.

211.9 **Subd. 2. Use of revenues.** The revenues derived from the tax authorized under subdivision  
211.10 1 must be used by the city of Perham to:

211.11 (1) pay the costs of collecting and administering the tax;

211.12 (2) finance the capital costs of site preparation, redevelopment, renovation, and  
211.13 construction of buildings, land, and infrastructure at the site of the Perham Area Community  
211.14 Center; and

211.15 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
211.16 the improvements listed in this subdivision in the city of Perham.

211.17 **Subd. 3. Bonding authority.** (a) The city of Perham may issue bonds under Minnesota  
211.18 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
211.19 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
211.20 not exceed \$5,200,000, plus an amount to be applied to the payment of the costs of issuing  
211.21 the bonds. The bonds may be paid from or secured by any funds available to the city of  
211.22 Perham, including the tax authorized under subdivision 1. The issuance of bonds under this  
211.23 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

211.24 (b) The bonds are not included in computing any debt limitation applicable to the city  
211.25 of Perham, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
211.26 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
211.27 the bonds under Minnesota Statutes, section 475.58, is not required.

211.28 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
211.29 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
211.30 that \$5,200,000 has been received from the tax to pay for the cost of the projects authorized  
211.31 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
211.32 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
211.33 after payment of all such costs and retirement or redemption of the bonds shall be placed

212.1 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
212.2 time if the city so determines by ordinance.

212.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
212.4 city of Perham and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
212.5 subdivisions 2 and 3.

212.6 **Sec. 26. CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

212.7 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
212.8 law, ordinance, or city charter, the city council for the city of Plymouth may impose by  
212.9 ordinance a tax of up to three percent on the gross receipts subject to the lodging tax under  
212.10 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under  
212.11 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this  
212.12 provision must not exceed six percent.

212.13 (b) Two-thirds of the revenue from the tax imposed under this section must be dedicated  
212.14 and used for capital improvements to public recreational facilities and marketing and  
212.15 promotion of the community, and the remaining one-third of the revenue must be used for  
212.16 the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

212.17 (c) The tax imposed under this authority terminates at the earlier of: (1) five years after  
212.18 the tax is first imposed; or (2) December 31, 2025.

212.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
212.20 city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section  
212.21 645.021, subdivisions 2 and 3.

212.22 **Sec. 27. CITY OF SAUK CENTRE; TAXES AUTHORIZED.**

212.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
212.24 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
212.25 charter, the city of Sauk Centre, pursuant to approval by the voters at the general election  
212.26 on November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of  
212.27 one percent and a \$20 motor vehicle excise tax for the purposes specified in subdivision 2.  
212.28 Except as otherwise provided in this section, the provisions of Minnesota Statutes, section  
212.29 297A.99, govern the imposition, administration, collection, and enforcement of the tax  
212.30 authorized under this subdivision.

212.31 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1  
212.32 must be used by the city to:

213.1 (1) pay the costs of collecting and administering the tax;

213.2 (2) pay the capital costs of city infrastructure improvement projects directly related to  
213.3 the reconstruction of Trunk Highway 71; and

213.4 (3) pay debt service on bonds issued under subdivision 3 or other obligations issued to  
213.5 finance the improvements listed in this subdivision in the city.

213.6 Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes,  
213.7 chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate  
213.8 principal amount of bonds issued under this subdivision may not exceed \$10,000,000 plus  
213.9 an amount to be applied to the payment of the costs of issuing the bonds. The bonds may  
213.10 be paid from or secured by any funds available to the city, including the tax authorized  
213.11 under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
213.12 Statutes, sections 275.60 and 275.61.

213.13 (b) The bonds are not included in computing any debt limitation applicable to the city,  
213.14 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
213.15 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
213.16 under Minnesota Statutes, section 475.58, is not required.

213.17 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
213.18 earlier of: (1) December 31, 2045; or (2) when the city council determines that \$10,000,000  
213.19 has been received from the tax to pay for the cost of the projects authorized under subdivision  
213.20 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized  
213.21 under subdivision 3, including interest on the bonds. Any funds remaining after payment  
213.22 of all such costs and retirement or redemption of the bonds shall be placed in the general  
213.23 fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the  
213.24 city so determines by ordinance.

213.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
213.26 city of Sauk Centre and its chief clerical officer comply with Minnesota Statutes, section  
213.27 645.021, subdivisions 2 and 3.

213.28 Sec. 28. **CITY OF VIRGINIA; LOCAL SALES AND USE TAX AUTHORIZED.**

213.29 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
213.30 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
213.31 and as approved by the voters at the November 6, 2018, general election, the city of Virginia  
213.32 may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified  
213.33 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota

214.1 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
214.2 of the tax authorized under this subdivision.

214.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
214.4 under subdivision 1 must be used by the city of Virginia to pay the costs of collecting and  
214.5 administering the tax, and to finance the costs of renovation, reconstruction, expansion, and  
214.6 improvements of the Miner's Memorial recreation complex and convention center. Authorized  
214.7 costs include engineering and construction costs and associated bond issuance costs.

214.8 Subd. 3. **Bonding authority.** (a) The city of Virginia may issue bonds under Minnesota  
214.9 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
214.10 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
214.11 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the  
214.12 bonds. The bonds may be paid from or secured by any funds available to the city of Virginia,  
214.13 including the tax authorized under subdivision 1. The issuance of bonds under this  
214.14 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

214.15 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
214.16 Virginia and are not included in computing any debt limitation applicable to the city. Any  
214.17 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
214.18 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
214.19 under Minnesota Statutes, section 475.58, is not required.

214.20 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
214.21 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
214.22 that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision  
214.23 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of  
214.24 the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed  
214.25 costs due to timing of the termination under section 297A.99 shall be placed in the city's  
214.26 general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city  
214.27 so determines by ordinance.

214.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
214.29 city of Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
214.30 subdivisions 2 and 3.

214.31 Sec. 29. **CITY OF WILLMAR; TAX AUTHORIZED.**

214.32 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
214.33 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,

215.1 and as approved by the voters at the November 6, 2018, general election, the city of Willmar  
215.2 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the  
215.3 purposes specified in subdivision 3. Except as otherwise provided in this section, the  
215.4 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
215.5 collection, and enforcement of the tax authorized under this subdivision.

215.6 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,  
215.7 or any other contrary provision of law, ordinance, or city charter, the city of Willmar may  
215.8 impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20  
215.9 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged  
215.10 within the city of Willmar in the business of selling motor vehicles at retail.

215.11 Subd. 3. **Use of revenues.** (a) The revenues derived from the taxes authorized under  
215.12 subdivisions 1 and 2 must be used by the city of Willmar to pay the costs of collecting and  
215.13 administering the taxes, and to pay for the projects listed in this subdivision, including  
215.14 securing and paying debt service on bonds issued to finance all or part of these projects.  
215.15 The total amount of projects to be funded with the taxes imposed under subdivisions 1 and  
215.16 2 shall not exceed \$30,000,000 plus the costs related to the issuance and paying debt service  
215.17 on bonds for these projects. The amount that may be spent on each project is limited to:

215.18 (1) \$2,000,000 for a community center replacement;

215.19 (2) \$6,000,000 for new athletic fields;

215.20 (3) \$3,000,000 for infrastructure improvements at Robins Island Regional Park;

215.21 (4) \$2,000,000 for a new playground and spectator amenities at Swansson Field Regional  
215.22 Park;

215.23 (5) \$7,000,000 for storm water management infrastructure improvements; and

215.24 (6) \$10,000,000 for a new recreation and event center.

215.25 (b) Notwithstanding the limits listed in paragraph (a) the city may by ordinance reallocate  
215.26 up to ten percent of the funds designated for one or more projects listed in that paragraph  
215.27 to other projects listed in that paragraph.

215.28 Subd. 4. **Bonding authority.** (a) The city of Willmar may issue bonds under Minnesota  
215.29 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
215.30 subdivision 3. The aggregate principal amount of bonds issued under this subdivision may  
215.31 not exceed \$30,000,000, plus an amount applied to the payment of costs of issuing the  
215.32 bonds. The bonds may be paid from or secured by any funds available to the city of Willmar,

216.1 including the taxes authorized under subdivisions 1 and 2. The issuance of bonds under this  
216.2 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

216.3 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
216.4 Willmar and are not included in computing any debt limitation applicable to the city. Any  
216.5 levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on  
216.6 the bonds is not subject to any levy limitation. A separate election to approve the bonds  
216.7 under Minnesota Statutes, section 475.58, is not required.

216.8 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
216.9 at the earlier of: (1) 13 years after the taxes are first imposed; or (2) when the city council  
216.10 determines that the city has received \$30,000,000 from this tax to fund the projects listed  
216.11 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance  
216.12 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed  
216.13 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be  
216.14 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire  
216.15 at an earlier time if the city so determines by ordinance.

216.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
216.17 city of Willmar and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
216.18 subdivisions 2 and 3.

216.19 Sec. 30. **CITY OF WORTHINGTON; TAX AUTHORIZED.**

216.20 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
216.21 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
216.22 and as approved by the voters at the November 6, 2018, general election, the city of  
216.23 Worthington may impose, by ordinance, a sales and use tax of one-half of one percent for  
216.24 the purposes specified in subdivision 3. Except as otherwise provided in this section, the  
216.25 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
216.26 collection, and enforcement of the tax authorized under this subdivision. The taxes under  
216.27 this subdivision and subdivision 2 may not be imposed until the city complies with the  
216.28 provisions of section 31.

216.29 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016,  
216.30 or any other contrary provision of law, ordinance, or city charter, the city of Worthington  
216.31 may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up  
216.32 to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person  
216.33 engaged within the city of Worthington in the business of selling motor vehicles at retail.



217.1 Subd. 3. Use of tax revenues. (a) The revenues derived from the taxes authorized under  
217.2 subdivisions 1 and 2 must be used by the city of Worthington to pay the costs of collecting  
217.3 and administering the tax and paying for the projects listed in this subdivision, including  
217.4 securing and paying debt service on bonds issued to finance all or part of the following  
217.5 projects:

217.6 (1) improvements to the aquatic center;

217.7 (2) improvements to the field house;

217.8 (3) improvements to the ice arena;

217.9 (4) other park and recreation capital projects and improvements;

217.10 (5) lake quality improvement; and

217.11 (6) improvements to the 10th Street plaza.

217.12 (b) The total amount of projects to be funded with the taxes imposed under subdivisions  
217.13 1 and 2 shall not exceed \$25,000,000 plus the costs related to the issuance of and paying  
217.14 debt service on bonds for these projects.

217.15 Subd. 4. Bonding authority. (a) The city of Worthington may issue bonds under  
217.16 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects  
217.17 authorized in subdivision 3. The aggregate principal amount of bonds issued under this  
217.18 subdivision may not exceed \$25,000,000 plus an amount applied to the payment of costs  
217.19 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
217.20 city of Worthington, including the taxes authorized under subdivisions 1 and 2. The issuance  
217.21 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
217.22 275.61.

217.23 (b) The bonds are not subject to any provisions of the home rule charter of the city of  
217.24 Worthington and are not included in computing any debt limitation applicable to the city.  
217.25 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
217.26 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
217.27 under Minnesota Statutes, section 475.58, is not required.

217.28 Subd. 5. Termination of taxes. The taxes imposed under subdivisions 1 and 2 expire  
217.29 at the earlier of: (1) 15 years after the taxes are first imposed; or (2) when the city council  
217.30 determines that the city has received \$25,000,000 from this tax to fund the projects listed  
217.31 in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance  
217.32 of the bonds authorized in subdivision 4. Any funds remaining after payment of the allowed  
217.33 costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be

218.1 placed in the city's general fund. The taxes imposed under subdivisions 1 and 2 may expire  
218.2 at an earlier time if the city so determines by ordinance.

218.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
218.4 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
218.5 645.021, subdivisions 2 and 3.

218.6 Sec. 31. **RESOLUTION AND PUBLIC NOTICE OF SPECIFIC PROJECTS TO**  
218.7 **BE FUNDED WITH A LOCAL SALES TAX.**

218.8 (a) A city authorized to impose a local sales tax based on voter approval at the November  
218.9 2018 general election that is subject to this provision must meet the requirements in this  
218.10 section before imposing the tax. The city must pass a resolution at a regularly scheduled  
218.11 city council meeting outlining each of the specific capital projects that will be funded by  
218.12 the tax and the anticipated amount of the revenues to be raised from the tax that will be used  
218.13 for each project. Within allowed funding areas listed in the authorized uses of the tax revenue,  
218.14 the city must give priority to funding projects of regional significance. For purposes of this  
218.15 section a "specific capital project" means:

218.16 (1) a single building or structure including associated infrastructure needed to safely  
218.17 access or use the building or structure;

218.18 (2) improvements within a single park or named recreation area;

218.19 (3) a contiguous trail;

218.20 (4) a contiguous segment of roadway, or two or more contiguous segments of roadway  
218.21 provided that all segments of the roadway are listed, and including city infrastructure beneath  
218.22 the roadway provided the infrastructure is explicitly listed; and

218.23 (5) a sanitary sewer, storm sewer, or water project in a contiguous geographic area served  
218.24 by the project that is specifically described in the resolution.

218.25 (b) The resolution must be sent to the commissioner of revenue and the tax may not be  
218.26 imposed until the commissioner certifies that the resolution meets the requirements of this  
218.27 section. The resolution must also be published on the city's website in a manner easily  
218.28 accessible to the public either through a link displayed on the city's home page or by  
218.29 publishing it directly on the city's home page. The resolution must remain on the website  
218.30 until the tax terminates. Only projects listed in the resolution may be funded by the local  
218.31 sales tax.

219.1 (c) The authority to impose a local sales tax that is subject to this section expires on  
219.2 January 1, 2021, if the commissioner has not certified that the city has passed a resolution  
219.3 that meets the requirements of this section by the last business day before December 31,  
219.4 2020.

219.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

219.6 **ARTICLE 8**  
219.7 **TAX INCREMENT FINANCING**

219.8 Section 1. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter  
219.9 143, article 9, section 11, is amended to read:

219.10 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

219.11 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
219.12 activities must be undertaken within a five-year period from the date of certification of a  
219.13 tax increment financing district, are increased to a ~~15-year~~ 25-year period for the Port  
219.14 Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,  
219.15 Bloomington Central Station.

219.16 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other  
219.17 law to the contrary, the city of Bloomington and its port authority may extend the duration  
219.18 limits of the district for a period through December 31, 2039.

219.19 (c) Effective for taxes payable in 2014, tax increment for the district must be computed  
219.20 using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section  
219.21 469.177, subdivision 1a.

219.22 **EFFECTIVE DATE.** This section is effective upon compliance by the city of  
219.23 Bloomington with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

219.24 Sec. 2. Laws 2014, chapter 308, article 6, section 8, subdivision 1, as amended by Laws  
219.25 2017, First Special Session chapter 1, article 6, section 11, is amended to read:

219.26 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of  
219.27 Edina or its development authority may establish one or more tax increment financing  
219.28 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries  
219.29 exist on March 31, 2014.

219.30 (b) The authority to request certification of districts under this section expires on  
219.31 December 31, ~~2019~~ 2021.

220.1 **EFFECTIVE DATE.** This section is effective without local approval under Minnesota  
220.2 Statutes, section 645.023, subdivision 1, paragraph (b).

220.3 Sec. 3. Laws 2014, chapter 308, article 6, section 8, subdivision 3, is amended to read:

220.4 Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment from  
220.5 the Southdale 2 district for a housing project of a district established under this section as  
220.6 expenditures qualifying under Minnesota Statutes, section 469.1763, subdivision 2, paragraph  
220.7 (d): ~~(1) without regard to whether the housing meets the requirement of a qualified building~~  
220.8 ~~under section 42 of the Internal Revenue Code; and (2) may increase by an additional 25~~  
220.9 ~~percentage points the permitted amount of expenditures for activities located outside the~~  
220.10 ~~geographic area of the district permitted under that section~~ (b).

220.11 **EFFECTIVE DATE.** This section is effective upon local approval by the governing  
220.12 body of the city of Edina and its compliance with the requirements of Minnesota Statutes,  
220.13 section 645.021, subdivision 3.

220.14 Sec. 4. **CITY OF CHAMPLIN; TAX INCREMENT FINANCING DISTRICT;**  
220.15 **PROJECT REQUIREMENTS.**

220.16 Subdivision 1. **Five-year rule.** The five-year rule under Minnesota Statutes, section  
220.17 469.1763, subdivision 3, is extended to a ten-year period for the Mississippi Crossings tax  
220.18 increment financing district.

220.19 Subd. 2. **Term of district.** The term of the Mississippi Crossings tax increment district  
220.20 is extended an additional five years.

220.21 Subd. 3. **Revenues for decertification.** Minnesota Statutes, section 469.1763, subdivision  
220.22 4, does not apply to the Mississippi Crossings tax increment financing district.

220.23 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota Statutes,  
220.24 section 645.021, subdivisions 2 and 3.

220.25 Sec. 5. **CITY OF MINNEAPOLIS; UPPER HARBOR TERMINAL**  
220.26 **REDEVELOPMENT PROJECT.**

220.27 Subdivision 1. **Qualifying rules.** Notwithstanding the criteria in Minnesota Statutes,  
220.28 section 469.174, subdivision 10, the governing body of the city of Minneapolis may establish  
220.29 by resolution one or more redevelopment tax increment financing districts within that portion  
220.30 of the North Washington Industrial Park Redevelopment Project Area as its boundaries  
220.31 existed on January 1, 2019, located north of Lowry Avenue. In each resolution, the city

221.1 must find that each parcel in the district was part of property that was formerly used as a  
221.2 municipally owned intermodal barge shipping facility that can no longer be used for such  
221.3 purpose due to the closure of the Upper St. Anthony Falls Lock under the federal Water  
221.4 Resources Reform and Development Act of 2014. Except as provided in this section, the  
221.5 provisions of Minnesota Statutes, sections 469.174 to 469.1794, apply to each district created  
221.6 under this section.

221.7 Subd. 2. **Use of increments.** Minnesota Statutes, section 469.176, subdivision 4j, does  
221.8 not apply to any district established under this section.

221.9 Subd. 3. **Five-year rule.** The five-year period under Minnesota Statutes, section 469.1763,  
221.10 subdivision 3, is extended to ten years for any district established under this section.

221.11 Subd. 4. **Pooling authority.** Notwithstanding Minnesota Statutes, section 469.1763,  
221.12 subdivision 2, tax increments from any district established under this section may be  
221.13 expended anywhere within the portion of the project area as described in subdivision 1, on  
221.14 eligible costs permitted under Minnesota Statutes, sections 469.174 to 469.1794.

221.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
221.16 city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section  
221.17 645.021, subdivisions 2 and 3.

221.18 Sec. 6. **EXPENDITURE OF HAZARDOUS SUBSTANCE SUBDISTRICT TAX**  
221.19 **INCREMENT.**

221.20 Notwithstanding the provisions of Minnesota Statutes, section 469.1763, or any other  
221.21 law to the contrary, the city of Roseville and the Roseville Economic Development Authority  
221.22 may use any or all increment generated from Hazardous Substance Subdistrict No. 17A for  
221.23 the purpose of financing environmental remediation pursuant to one or more response action  
221.24 plans on the parcels within or adjacent to the parcels in the subdistrict as originally certified,  
221.25 regardless of the date of approval of the response action plan by the Pollution Control  
221.26 Agency.

221.27 **EFFECTIVE DATE.** This section is effective upon compliance by the governing body  
221.28 of the city of Roseville with the requirements of Minnesota Statutes, section 645.021,  
221.29 subdivision 3.

222.1 **Sec. 7. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT;**  
222.2 **PROJECT REQUIREMENTS.**

222.3 **Subdivision 1. Establishment.** The city of Duluth or the Duluth Economic Development  
222.4 Authority may establish one or more redevelopment tax increment financing districts located  
222.5 in the city of Duluth, St. Louis County, Minnesota, within the area bordered on the northeast  
222.6 by Slip 3 and the Pier B Resort property line extended northwest to Interstate 35, on the  
222.7 southeast by the Duluth Harbor, on the southwest by the Compass Minerals property line  
222.8 extended northwest to Interstate 35, and on the northwest by Interstate 35, together with  
222.9 adjacent roads and rights-of-way; and such property is deemed to meet the requirements of  
222.10 Minnesota Statutes, section 469.174, subdivision 10.

222.11 **Subd. 2. Eligible expenditures.** Expenditures incurred in connection with the  
222.12 development of the property described in subdivision 1 are deemed to meet the requirements  
222.13 of Minnesota Statutes, section 469.176, subdivision 4j. Minnesota Statutes, section 469.176,  
222.14 subdivision 4l, does not apply to any tax increment financing district established in the area  
222.15 described in subdivision 1. Eligible expenditures for any tax increment financing district  
222.16 established in the area described in subdivision 1 include, without limitation, seawalls and  
222.17 pier facings adjacent to the boundaries of such district.

222.18 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota Statutes,  
222.19 section 645.021, subdivisions 2 and 3.

222.20 **Sec. 8. CITY OF BURNSVILLE; TIF AUTHORITY.**

222.21 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the  
222.22 economic development authority of the city of Burnsville or the city of Burnsville may  
222.23 establish one or more redevelopment districts located wholly within the area of the city of  
222.24 Burnsville, Dakota County, Minnesota, limited to the parcels comprising the Burnsville  
222.25 Center mall together with adjacent rights-of-way.

222.26 **Subd. 2. Special rules.** If the city of authority establishes a tax increment financing  
222.27 district under this section, the following special rules apply:

222.28 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section  
222.29 469.174, subdivision 10; and

222.30 (2) expenditures incurred in connection with the development of the property described  
222.31 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,  
222.32 subdivision 4j.

223.1 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
223.2 of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section  
223.3 645.021.

## 223.4 **ARTICLE 9**

### 223.5 **PUBLIC FINANCE**

223.6 Section 1. Minnesota Statutes 2018, section 37.31, subdivision 1, is amended to read:

223.7 Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal  
223.8 amount that the society determines necessary to provide sufficient money for achieving its  
223.9 purposes, including the payment of interest on bonds of the society, the establishment of  
223.10 reserves to secure its bonds, the payment of fees to a third party providing credit  
223.11 enhancement, and the payment of all other expenditures of the society incident to and  
223.12 necessary or convenient to carry out its corporate purposes and powers. Bonds of the society  
223.13 may be issued as bonds or notes or in any other form authorized by law. The principal  
223.14 amount of bonds issued and outstanding under this section at any time may not exceed  
223.15 ~~\$20,000,000~~ \$30,000,000, excluding bonds for which refunding bonds or crossover refunding  
223.16 bonds have been issued.

223.17 Sec. 2. Minnesota Statutes 2018, section 103E.611, subdivision 2, is amended to read:

223.18 Subd. 2. **Interest.** (a) Interest is an additional drainage lien on all property until paid.  
223.19 The interest rate on the drainage lien principal from the date the drainage lien statement is  
223.20 recorded must be set by the board but may not exceed the rate determined by the state court  
223.21 administrator for judgments under section 549.09, or six percent, whichever is greater.

223.22 (b) Before the tax lists for the year are given to the county treasurer, the auditor shall  
223.23 compute the interest on the unpaid balance of the drainage lien at the rate set by the board.  
223.24 The amount of interest must be computed on the entire unpaid principal from the date the  
223.25 drainage lien was recorded to August 15 of the next calendar year, and afterwards from  
223.26 August 15 to August 15 of each year.

223.27 (c) Interest is due and payable after November 1 of each year the drainage lien principal  
223.28 or interest is due and unpaid.

223.29 Sec. 3. Minnesota Statutes 2018, section 123B.595, subdivision 5, is amended to read:

223.30 Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds  
223.31 under this section to finance facilities plans approved by its board and the commissioner.

224.1 Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to  
224.2 issue bonds under this section is in addition to any bonding authority authorized by this  
224.3 chapter or other law. The amount of bonding authority authorized under this section must  
224.4 be disregarded in calculating the bonding or net debt limits of this chapter, or any other law  
224.5 other than section 475.53, subdivision 4.

224.6 (b) At least 20 days before the earliest of ~~solicitation of bids~~, the issuance of bonds; or  
224.7 the final certification of levies under subdivision 6, the district must publish notice of the  
224.8 intended projects, the amount of the bond issue, and the total amount of district indebtedness.

224.9 (c) The portion of revenue under this section for bonded debt must be recognized in the  
224.10 debt service fund.

224.11 Sec. 4. Minnesota Statutes 2018, section 297A.993, subdivision 1, is amended to read:

224.12 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions  
224.13 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county ~~outside the~~  
224.14 ~~metropolitan transportation area, as defined under section 297A.992, subdivision 1,~~ or more  
224.15 than one county ~~outside the metropolitan transportation area~~ acting under a joint powers  
224.16 agreement, may by resolution of the county board, or each of the county boards, following  
224.17 a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent  
224.18 on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor  
224.19 vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any  
224.20 person engaged in the business of selling motor vehicles at retail, occurring within the  
224.21 jurisdiction of the taxing authority.

224.22 Sec. 5. Minnesota Statutes 2018, section 297A.993, subdivision 2, is amended to read:

224.23 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated  
224.24 exclusively to: (1) payment of the capital cost of a specific transportation project or  
224.25 improvement; (2) payment of the costs, which may include both capital and operating costs,  
224.26 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes  
224.27 to school program under section 174.40; or (4) payment of transit operating costs. The  
224.28 transportation or transit project or improvement must be designated by the board of the  
224.29 county, or more than one county acting under a joint powers agreement. Except for taxes  
224.30 for operating costs of a transit project or improvement, or for transit operations, the taxes  
224.31 must terminate when revenues raised are sufficient to finance the project. Nothing in this  
224.32 subdivision prohibits the exclusive dedication of the proceeds of the taxes to payments for



225.1 more than one project or improvement. A county may, by resolution, dedicate the proceeds  
225.2 of the tax for a new enumerated project after a public hearing.

225.3 Sec. 6. Minnesota Statutes 2018, section 297A.993, is amended by adding a subdivision  
225.4 to read:

225.5 Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds,  
225.6 notes, or other obligations for the purposes specified in subdivision 2. The county may also,  
225.7 by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

225.8 (b) The bonds may be limited obligations, payable solely from or secured by taxes levied  
225.9 under this section, and the county may also pledge its full faith, credit, and taxing power as  
225.10 additional security for the bonds. A regional railroad authority within the county may also  
225.11 pledge its taxing powers as additional security for the bonds.

225.12 (c) A county may issue and sell bonds in one or more series and without an election.  
225.13 The county may determine how the bonds shall be secured; how the bonds will bear interest,  
225.14 and the rate or rates, or variable rate; the rank or priority; how the bonds will be executed  
225.15 and be payable, and how they will mature; and how the bonds will be subject to the defaults,  
225.16 redemptions, repurchases, tender options, or other terms. The county may also determine  
225.17 how the bonds shall be sold.

225.18 (d) The county may enter into and perform all contracts deemed necessary or desirable  
225.19 by it to issue and secure the bonds, including an indenture of trust with a trustee located  
225.20 within or outside of the state.

225.21 (e) Before issuance of bonds qualifying under this section, the county must publish a  
225.22 notice of its intention to issue the bonds and the date and time of a hearing to obtain public  
225.23 comment on the matter. The notice must be published in the official newspaper of the county  
225.24 or in a newspaper of general circulation in the county. The notice must be published at least  
225.25 14, but not more than 28, days before the date of the hearing.

225.26 (f) Any project financed with bonds issued under this section must be included in a  
225.27 capital improvement plan as defined in section 373.40, subdivision 3. Bonds issued for these  
225.28 projects are in addition to the capital improvements enumerated in section 373.40.

225.29 (g) Except as otherwise provided in this subdivision, the bonds must be issued and sold  
225.30 in the manner provided under chapter 475.

226.1 Sec. 7. Minnesota Statutes 2018, section 471.831, is amended to read:

226.2 **471.831 MUNICIPALITY MAY FILE BANKRUPTCY PETITION.**

226.3 Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in  
226.4 subdivision 2, may file a petition and seek any relief available to it under United States  
226.5 Code, title 11, as amended ~~through December 31, 1996.~~

226.6 Subd. 2. **Municipality defined.** In this section, "municipality" means a municipality as  
226.7 defined in United States Code, title 11, section 101, as amended ~~through December 31,~~  
226.8 ~~1996,~~ but limited to a county, statutory or home rule charter city, or town; or a housing and  
226.9 redevelopment authority, economic development authority, or rural development financing  
226.10 authority established under chapter 469, a home rule charter, or special law.

226.11 Sec. 8. Minnesota Statutes 2018, section 473.39, is amended by adding a subdivision to  
226.12 read:

226.13 Subd. 1v. **Obligations.** In addition to other authority in this section, the council may  
226.14 issue certificates of indebtedness, bonds, or other obligations under this section in an amount  
226.15 not exceeding \$92,300,000 for capital expenditures as prescribed in the council's transit  
226.16 capital improvement program and for related costs, including the costs of issuance and sale  
226.17 of the obligations. Of this authorization, after July 1, 2019, the council may issue certificates  
226.18 of indebtedness, bonds, or other obligations in an amount not exceeding \$45,400,000 and  
226.19 after July 1, 2020, the council may issue certificates of indebtedness, bonds, or other  
226.20 obligations in an additional amount not exceeding \$46,900,000.

226.21 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
226.22 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

226.23 Sec. 9. Minnesota Statutes 2018, section 473.39, subdivision 6, is amended to read:

226.24 Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any  
226.25 proceeds from certificates of indebtedness, bonds, or other obligations under ~~this section~~  
226.26 subdivision 1u for project development, land acquisition, or construction to (1) establish a  
226.27 light rail transit line; or (2) expand a light rail transit line, including by extending a line or  
226.28 adding additional stops.

226.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
226.30 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

227.1 Sec. 10. Minnesota Statutes 2018, section 475.521, subdivision 1, is amended to read:

227.2 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the  
227.3 meanings given.

227.4 (a) "Bonds" mean an obligation defined under section 475.51.

227.5 (b) "Capital improvement" means acquisition or betterment of public lands, buildings  
227.6 or other improvements for the purpose of a city hall, town hall, library, public safety facility,  
227.7 and public works facility. An improvement must have an expected useful life of five years  
227.8 or more to qualify. Capital improvement does not include light rail transit or any activity  
227.9 related to it, or a park, road, bridge, administrative building other than a city or town hall,  
227.10 or land for any of those facilities. For purposes of this section, "capital improvement"  
227.11 includes expenditures for purposes described in this paragraph that have been incurred by  
227.12 a municipality before approval of a capital improvement plan, if such expenditures are  
227.13 included in a capital improvement plan approved on or before the date of the public hearing  
227.14 under subdivision 2 regarding issuance of bonds for such expenditures.

227.15 (c) "Municipality" means a home rule charter or statutory city or a town ~~described in~~  
227.16 ~~section 368.01, subdivision 1 or 1a.~~

227.17 Sec. 11. **REPEALER.**

227.18 Minnesota Statutes 2018, section 37.31, subdivision 8, is repealed.

## 227.19 **ARTICLE 10**

### 227.20 **MISCELLANEOUS**

227.21 Section 1. **[16A.067] TAXPAYER RECEIPT.**

227.22 (a) The commissioner, in consultation with the commissioner of revenue, must develop  
227.23 and publish on the Department of Management and Budget's website an interactive taxpayer  
227.24 receipt in accordance with this section. The receipt must describe the share of state general  
227.25 fund expenditures represented by major expenditure categories in the most recent fiscal  
227.26 year for which data is available. The receipt must show the approximate allocation of motor  
227.27 vehicle fuel taxes among eligible transportation purposes.

227.28 (b) For each expenditure category, the receipt must include select data on the performance  
227.29 goals and outcomes for the category, based on the goals and outcomes data required under  
227.30 section 16A.10, subdivision 1b.

228.1 (c) The website must allow a user to input an income amount, and must estimate the  
228.2 amount of major state taxes paid by the user. The website must allocate the user's estimated  
228.3 state tax liability to each major expenditure category based on the category's percentage  
228.4 share of total state general fund spending. For the purposes of this section, "major state  
228.5 taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

228.6 (d) Using the income amount entered by the user, the website must estimate the amount  
228.7 of income and direct sales taxes paid based upon the taxpayer's income. The website must  
228.8 allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased  
228.9 motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette,  
228.10 alcohol, and motor vehicle fuel taxes paid by the user.

228.11 (e) The commissioner must update the receipt by December 31 of each year, and must  
228.12 annually promote to the public the availability of the website.

228.13 Sec. 2. Minnesota Statutes 2018, section 161.14, is amended by adding a subdivision to  
228.14 read:

228.15 Subd. 88. **Tom Rukavina Memorial Bridge.** The bridge on marked U.S. Highway 53  
228.16 over a mining area easterly of 2nd Avenue West in the city of Virginia is designated as  
228.17 "Tom Rukavina Memorial Bridge." Subject to section 161.139, the commissioner shall  
228.18 adopt a suitable design to mark this bridge and erect appropriate signs.

228.19 Sec. 3. Minnesota Statutes 2018, section 270C.21, is amended to read:

228.20 **270C.21 TAXPAYER ASSISTANCE GRANTS.**

228.21 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
228.22 the meanings given.

228.23 (b) "Financial capability services" means any of the following:

228.24 (1) assistance with opening a savings or transactional account that meets the Federal  
228.25 Deposit Insurance Corporation's model safe accounts template standards;

228.26 (2) assistance with depositing all or part of a tax refund into a savings or transactional  
228.27 account;

228.28 (3) assistance with obtaining and reviewing a consumer report or credit score, as those  
228.29 terms are defined in United States Code, title 15, section 1681a;

228.30 (4) assistance with obtaining and reviewing a banking history report;

229.1 (5) financial coaching, or referral to financial coaching services, as provided in section  
229.2 256E.35, subdivision 4a;

229.3 (6) National Foundation for Credit Counseling certified consumer credit and debt  
229.4 counseling or referral to these services;

229.5 (7) enrollment in a matched or incentivized savings program, including the provision  
229.6 of matching or incentive funds;

229.7 (8) referral to a certified financial planner, registered investment adviser, licensed  
229.8 insurance producer or agent, or a registered securities broker-dealer representative for private  
229.9 sector retirement options; or

229.10 (9) assistance with purchasing a Series I United States Savings Bond with all or part of  
229.11 a tax refund.

229.12 (c) "Transactional account" means a traditional demand deposit account or a general  
229.13 purpose reloadable prepaid card offered by a bank or credit union.

229.14 (d) "TCE" means the Tax Counseling for the Elderly program established by the Internal  
229.15 Revenue Service.

229.16 (e) "VITA" means the Volunteer Income Tax Assistance program established by the  
229.17 Internal Revenue Service.

229.18 **Subd. 2. Permitted use of taxpayer assistance grants.** ~~When the commissioner awards~~  
229.19 ~~grants to nonprofit organizations~~ (a) The commissioner may award grants to nonprofit  
229.20 organizations for the following purposes:

229.21 (1) to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance  
229.22 services;; and

229.23 (2) to provide financial capability services integrated with the delivery of taxpayer  
229.24 assistance services funded under clause (1).

229.25 (b) Grants under paragraph (a), clause (2), may only be made to qualified applicants, as  
229.26 defined under subdivision 3.

229.27 **Subd. 3. Qualified applicant.** To be eligible to receive a grant under subdivision 2,  
229.28 paragraph (a), clause (2), an applicant must:

229.29 (1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered with  
229.30 the Internal Revenue Service as part of either the VITA or TCE programs; and

230.1 (2) commit to dedicate at least one staff or volunteer position to coordinate financial  
230.2 capability services at a VITA or TCE program site and to offer VITA or TCE program  
230.3 participants free assistance with the initiation through completion of:

230.4 (i) opening a savings and a transactional account that meet the Federal Deposit Insurance  
230.5 Corporation's model safe accounts template standards;

230.6 (ii) depositing all or part of a tax refund into a savings or transactional account; and

230.7 (iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

230.8 Subd. 4. **Conflict of interest.** (a) No applicant for a grant under subdivision 2, paragraph  
230.9 (a), clause (2), may receive direct compensation from a bank, credit union, or other financial  
230.10 services provider or vendor in exchange for the applicant offering to program participants  
230.11 the products or services of that bank, credit union, or other financial services provider or  
230.12 vendor.

230.13 (b) No applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive  
230.14 funding from a bank, credit union, or other financial services provider or vendor that is  
230.15 contingent on the applicant offering products or services of that bank, credit union, or other  
230.16 financial services provider or vendor to program participants.

230.17 (c) An applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive  
230.18 funding from a bank, credit union, or other financial services provider or vendor that is not  
230.19 in exchange for or contingent upon the applicant offering products or services of that bank,  
230.20 credit union, or other financial services provider or vendor to program participants.

230.21 (d) An applicant or a recipient of a grant under subdivision 2, paragraph (a), clause (2),  
230.22 must disclose any funding from a bank, credit union, or other financial services provider or  
230.23 vendor whose products or services will be offered at the applicant's or recipient's VITA or  
230.24 TCE site.

230.25 Subd. 5. **Public notice.** The commissioner must provide public notice of the grants in  
230.26 a timely manner so that the grant process is completed and grants are awarded by October  
230.27 1, in order for recipient organizations to adequately plan expenditures for the filing season.  
230.28 At the time the commissioner provides public notice, the commissioner must also notify  
230.29 nonprofit organizations that received grants in the previous biennium.

230.30 Subd. 6. **Technical assistance.** Within available appropriations, the commissioner shall  
230.31 offer technical assistance to an organization that meets the requirement in subdivision 3,  
230.32 clause (1). The technical assistance may include, but is not limited to:

230.33 (1) tax site development and management training;

- 231.1 (2) VITA and TCE site coordinator training;  
231.2 (3) individual tax preparer and reviewer training on tax law;  
231.3 (4) support in developing volunteer training;  
231.4 (5) tax return preparation software and e-file administration training; and  
231.5 (6) one-on-one support by phone and e-mail for problem solving at tax site programs.

231.6 Subd. 7. **Reporting.** A recipient of a grant under subdivision 2, paragraph (a), clause  
231.7 (2), must report to the commissioner on the recipient's use of the grant money. Reporting  
231.8 requirements must include but are not limited to:

- 231.9 (1) the number of people who receive financial capability services and what kind of  
231.10 services;  
231.11 (2) the number of savings or transactional accounts opened; and  
231.12 (3) the number of savings bonds purchased.

231.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

231.14 Sec. 4. Minnesota Statutes 2018, section 289A.08, is amended by adding a subdivision to  
231.15 read:

231.16 Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income  
231.17 taxpayers the opportunity to elect to receive information about a taxpayer receipt via e-mail  
231.18 or United States mail. In the manner selected by the taxpayer, the commissioner must provide  
231.19 the taxpayer with information about how to access the taxpayer receipt website established  
231.20 under section 16A.067. The commissioner must allow a taxpayer to elect not to receive  
231.21 information about the receipt.

231.22 (b) Both the long and short forms described in subdivision 13 must include the  
231.23 opportunity to elect to receive information about the receipt.

231.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
231.25 31, 2018.

231.26 Sec. 5. **[469.50] DEFINITIONS.**

231.27 Subdivision 1. **Application.** For the purposes of section 11 and sections 469.50 to 469.53,  
231.28 the terms defined in this section have the meanings given them.

231.29 Subd. 2. **City.** "City" means the city of Duluth.

232.1 Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and  
232.2 economic development.

232.3 Subd. 4. **County.** "County" means St. Louis County.

232.4 Subd. 5. **District.** "District" means the regional exchange district established under  
232.5 section 469.51.

232.6 Subd. 6. **Medical business entity west.** "Medical business entity west" means a nonprofit  
232.7 integrated health system with two hospitals located within the district.

232.8 Subd. 7. **Medical business entity east.** "Medical business entity east" means a nonprofit  
232.9 health system operating one hospital within the district.

232.10 Subd. 8. **Public infrastructure project.** (a) "Public infrastructure project" means a  
232.11 project financed in whole or in part with public money in order to support development in  
232.12 the district. A public infrastructure project may:

232.13 (1) acquire real property and other assets associated with the real property;

232.14 (2) demolish, repair, or rehabilitate buildings;

232.15 (3) remediate land and buildings as required to prepare the property for acquisition or  
232.16 development;

232.17 (4) install, construct, or reconstruct elements of public infrastructure required to support  
232.18 the overall development of the district, including but not limited to: streets, roadways,  
232.19 highways, and utilities systems and related facilities, including relocations and realignments;  
232.20 structural caps or streetscape improvements; bridges or other buildable pads above streets,  
232.21 roadways, highways, and other rights-of-way; network and communication systems; drainage  
232.22 systems; sewer and water systems; district energy systems; subgrade structures and associated  
232.23 improvements; landscaping; facade construction and restoration; wayfinding and signage;  
232.24 and other components of community infrastructure;

232.25 (5) acquire, construct or reconstruct, and equip parking facilities, transit stations, and  
232.26 other facilities to encourage intermodal transportation and transit;

232.27 (6) install, construct or reconstruct, furnish, and equip parks and trails; cultural,  
232.28 community, educational, and recreational facilities; facilities to promote tourism and  
232.29 hospitality, conferencing, and conventions; and broadcast and related multimedia  
232.30 infrastructure;



233.1 (7) make related site improvements, including, without limitation, excavation, earth  
233.2 retention, soil stabilization and correction, foundation and substructure, vertical circulation  
233.3 systems, and other site improvements to support a district; and

233.4 (8) demolition of vacated medical facilities and other related buildings and structures  
233.5 and preparation of the facilities, buildings, and structures for development.

233.6 (b) A public infrastructure project is not a business subsidy under section 116J.993.

233.7 Subd. 9. **Regional Exchange District Advisory Board; advisory board;**  
233.8 **REDAB.** "Regional Exchange District Advisory Board," "advisory board," or "REDAB"  
233.9 means the advisory board established under section 469.515.

233.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
233.11 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
233.12 subdivisions 2 and 3.

233.13 Sec. 6. **[469.51] REGIONAL EXCHANGE DISTRICT.**

233.14 Subdivision 1. **Creation; boundaries.** There is established in the city a regional exchange  
233.15 district. The regional exchange district is bounded by: East 6th Street from North 3rd Avenue  
233.16 East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd  
233.17 Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th  
233.18 Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake  
233.19 Superior waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North  
233.20 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East  
233.21 from Lake Place Park at the Lake Superior waterfront to East 6th Street, excluding any  
233.22 property operated as a hotel on the corner of Superior Street and North 3rd Avenue East.

233.23 Subd. 2. **Purpose; findings.** The public purposes of the district are to facilitate:

233.24 (1) repurposing vacant or underutilized public land, or unutilized property interests such  
233.25 as air rights, for development or redevelopment and to incent significant private investment;

233.26 (2) redeveloping vacant or underutilized private land to increase its potential to generate  
233.27 taxes and create jobs or to provide housing or meet other community needs; and

233.28 (3) development by the anchoring institutions in the community, such as health care  
233.29 organizations and institutions of higher education, to create opportunities to improve the  
233.30 economy of the city and greater Minnesota regions and attract and retain a workforce.

234.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
234.2 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
234.3 subdivisions 2 and 3.

234.4 **Sec. 7. [469.515] REGIONAL EXCHANGE DISTRICT ADVISORY BOARD.**

234.5 Subdivision 1. **Advisory board membership.** The Regional Exchange District Advisory  
234.6 Board consists of nine members appointed as follows:

234.7 (1) the mayor of the city or the mayor's designee;

234.8 (2) a city council member, appointed by the council;

234.9 (3) two representatives of the medical business entity west, appointed by and serving at  
234.10 the pleasure of the medical business entity west;

234.11 (4) one representative of the medical business entity east, appointed by and serving at  
234.12 the pleasure of the medical business entity east;

234.13 (5) one member appointed by the Duluth Greater Downtown Council;

234.14 (6) one representative of the local building and trades council appointed by the Duluth  
234.15 building and construction trades council; and

234.16 (7) two representatives appointed by the governor, one of whom has expertise in housing  
234.17 policy and finance.

234.18 Subd. 2. **Conflict of interest.** A person appointed as provided in subdivision 1, clause  
234.19 (1), (2), (5), (6), or (7), must not be employed by or affiliated with either medical business  
234.20 entity.

234.21 Subd. 3. **Terms; vacancies.** The appointing authorities must make their respective  
234.22 appointments by June 30, 2019. Members shall serve for four-year terms, except that a  
234.23 member appointed under subdivision 1, clauses (1) and (2), serves for a term coterminous  
234.24 with the term of the elected office, but may be reappointed. Of the members appointed in  
234.25 subdivision 1, clauses (3) and (7), one member serves from the date of appointment until  
234.26 the first Tuesday after the first Monday in January 2022, and the other member serves from  
234.27 the date of appointment until the first Tuesday after the first Monday in January 2024. A  
234.28 vacancy occurs as provided in section 15.059.

234.29 Subd. 4. **Duties.** The duties of the advisory board are to provide the city with advice and  
234.30 guidance in developing an overall development plan for the regional exchange district;  
234.31 prepare a proposed development plan for the district for approval by the city council; propose  
234.32 modifications to the development plan for city council approval; and recommend to the city

235.1 council proposed public infrastructure projects not specifically listed in the plan that the  
235.2 board designates as consistent with the development plan adopted by the city. The advisory  
235.3 board is also responsible for the following activities related to the district:

235.4 (1) on behalf of a medical entity, certify to the city that all incurred expenses related to  
235.5 the private investment are accurate;

235.6 (2) review all proposed uses of state financial instruments to ensure they are consistent  
235.7 with Minnesota law;

235.8 (3) work with a medical entity and the city to acquire or dispose of real estate and  
235.9 facilitate all transactions associated with development in the district;

235.10 (4) develop patient, visitor, and community outreach programs for the district;

235.11 (5) develop and implement a plan for economic development outcomes related to the  
235.12 district; and

235.13 (6) by January 31 of each year, submit a report to the commissioner and the chairs and  
235.14 ranking minority members of the legislative committees with jurisdiction over economic  
235.15 development. The report must include a copy of the development plan and a list of any  
235.16 changes to the plan, the progress of projects identified in the development plan, and a list  
235.17 of the actual costs and financing sources.

235.18 Subd. 5. **Open meetings; data practices.** The advisory board and committee or  
235.19 subcommittee of the advisory board is subject to the Open Meeting Law in chapter 13D  
235.20 and is a government entity for purposes of chapter 13.

235.21 Subd. 6. **Chair.** The board must elect a chair from among the governor's appointees  
235.22 every two years.

235.23 Subd. 7. **Compensation; expense reimbursement.** The city may compensate members  
235.24 and reimburse members for expenses as provided in section 15.0575, subdivision 3. For  
235.25 purposes of this subdivision, the member representing the medical business entity shall be  
235.26 treated as an employee of a political subdivision.

235.27 Subd. 8. **Removal.** A member may be removed as provided in section 15.0575.

235.28 Subd. 9. **Staff.** The board may hire an executive director and other staff as the board  
235.29 requires. The city shall pay all staff salaries and benefits.

235.30 Subd. 10. **Contract for services.** The advisory board, through the staff assigned to the  
235.31 district, may contract for the services of financial advisors, other consultants, agents, public

236.1 accountants, legal counsel, and other persons needed to perform its duties and exercise its  
236.2 powers.

236.3 Subd. 11. **Costs.** All costs incurred by the advisory board and staff assigned to the district  
236.4 shall be paid by the city.

236.5 Subd. 12. **Expiration.** The advisory board terminates when funds from all appropriation  
236.6 support payments made to the city under section 469.54 are committed to approved public  
236.7 infrastructure projects.

236.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
236.9 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
236.10 subdivisions 2 and 3.

236.11 Sec. 8. **[469.517] COMPREHENSIVE DEVELOPMENT PLAN FOR REGIONAL**  
236.12 **EXCHANGE DISTRICT.**

236.13 (a) REDAB must prepare a comprehensive development plan by March 31, 2021. The  
236.14 comprehensive plan must, to the extent practicable, provide the following:

236.15 (1) an outline for the development of the district to meet the purpose and findings in  
236.16 section 469.51, subdivision 2;

236.17 (2) the extension of 6th Avenue East, primary street improvements, and related structural  
236.18 and safety improvements;

236.19 (3) construction of parking structures for the medical business west and for the medical  
236.20 business east, with the parking structures also supporting the public needs of surrounding  
236.21 neighborhoods and the district. The comprehensive development plan must require that  
236.22 public financing for the construction of parking structures is not available until the  
236.23 commissioner determines that \$50,000,000 has been committed to the project from private  
236.24 sources;

236.25 (4) extensions or connections of district energy utility infrastructure to existing and new  
236.26 buildings and facilities within the district to meet the medical facilities' thermal energy  
236.27 needs;

236.28 (5) subgrade structures and design and completion of the structural frame cap over  
236.29 marked Interstate Highway 35;

236.30 (6) demolition of vacated medical facilities and other related buildings and structures  
236.31 and preparation of the site for redevelopment;

237.1 (7) discussion of how the development plans will increase economic activity and housing  
 237.2 availability, including affordable housing, in the city and fit into the city's long-term  
 237.3 comprehensive development plans;

237.4 (8) a specific list of public infrastructure projects that meet the purposes and findings  
 237.5 listed in section 469.51, subdivision 2; and

237.6 (9) the criteria that will be used by the advisory board in evaluating whether a public  
 237.7 infrastructure project not specifically listed in the plan under clause (3) is consistent with  
 237.8 the proposed development plan.

237.9 (b) Any development plan must be approved by six members of the advisory board prior  
 237.10 to submitting the plan to the city council for consideration. The development plan for the  
 237.11 district is not adopted until approved by the city council. If the city council rejects the initial  
 237.12 development plan proposed by the advisory board, the board may revise the development  
 237.13 plan and resubmit the plan. Section 15.99 does not apply to review and approval of the  
 237.14 development plan. The city must not spend any appropriation support payments from the  
 237.15 state until it has approved a development plan, or an initial development plan under section  
 237.16 11, proposed by the advisory board.

237.17 (c) REDAB may propose modifications to the development plan at any time; however,  
 237.18 all changes are subject to approval by the city council.

237.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 237.20 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
 237.21 subdivisions 2 and 3.

237.22 **Sec. 9. [469.52] CITY POWERS; DUTIES.**

237.23 Subdivision 1. **Port authority powers.** The city may exercise the powers of a port  
 237.24 authority under sections 469.048 to 469.068 for purposes of implementing sections 469.50  
 237.25 to 469.53.

237.26 Subd. 2. **Steel products.** The city must require that a public infrastructure project use  
 237.27 steel products made from iron ore mined from the taconite assistance area as defined in  
 237.28 section 273.1341 to the extent practicable. In determining whether it is practicable, the city  
 237.29 may consider the exceptions to the requirement by Public Law 111-5, section 1605.

237.30 Subd. 3. **City contracts; construction requirements.** For all public infrastructure  
 237.31 projects, the city must make reasonable efforts to hire and cause the construction manager  
 237.32 and any subcontractors to employ women and members of minority communities. Goals

238.1 for construction contracts must be established in the manner required under the city's  
238.2 disadvantaged business enterprises plan.

238.3 Subd. 4. **Public bidding exemption.** Notwithstanding section 469.068 or any other law  
238.4 to the contrary, the city is not required to use competitive bidding with respect to a parking  
238.5 facility or other public improvements constructed in conjunction with, and directly above  
238.6 or below, or adjacent and integrally related to, a private development within a district.

238.7 Subd. 5. **Parking structure revenue.** Parking facilities or structures constructed pursuant  
238.8 to the development plan must charge market rate parking fees, except for use separately  
238.9 negotiated between the city and a church whose parking facility is removed to accommodate  
238.10 construction of a parking ramp.

238.11 Subd. 6. **City utility fund contribution.** The city must use the city utility fund to finance  
238.12 improvements made within the district for sanitary sewer, storm sewer, and water systems  
238.13 and other related utility improvements. The improvements must be included in the  
238.14 development plan approved by the board. The total expenditures required under this  
238.15 subdivision and under Laws 1980, chapter 511, section 1, subdivision 1, paragraph (d),  
238.16 must equal at least \$20,000,000.

238.17 Subd. 7. **Project approval; notice; hearing.** Public infrastructure projects may be  
238.18 undertaken within the district by the city if the project is listed in the development plan or  
238.19 is recommended to the city by REDAB and is approved by the city. The city must hold a  
238.20 public hearing before approving a public infrastructure project for local funding provided  
238.21 pursuant to section 469.53. At least ten days before the hearing, the city must publish notice  
238.22 of the hearing in the official newspaper of the city.

238.23 Subd. 8. **City support.** The city must provide financial and administrative support, and  
238.24 office and other space, to the advisory board.

238.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
238.26 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
238.27 subdivisions 2 and 3.

238.28 Sec. 10. **[469.53] LOCAL VALUE CAPTURE AUTHORITY.**

238.29 Subdivision 1. **Special abatement rules.** (a) If the city or county elects to use tax  
238.30 abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure  
238.31 projects, or to finance the costs of a joint project between the city and county, including all  
238.32 financing costs, the special rules under this subdivision apply.

238.33 (b) The limitations under section 469.1813, subdivision 6, do not apply.

239.1 (c) The limitations under section 469.1813, subdivision 8, do not apply, and property  
239.2 taxes abated by the city or county to finance costs of public infrastructure projects are not  
239.3 included for purposes of applying section 469.1813, subdivision 8, to the use of tax abatement  
239.4 for other purposes.

239.5 Subd. 2. **Special tax increment financing rules.** If the city elects to establish one or  
239.6 more redevelopment tax increment financing districts within a regional exchange district  
239.7 to fund public infrastructure projects, the requirements, definitions, limitations, or restrictions  
239.8 in the following statutes do not apply: sections 469.174, subdivisions 10 and 25, clause (2);  
239.9 469.176, subdivisions 4j, 4l, and 5; and 469.1763, subdivisions 2, 3, and 4. The provisions  
239.10 of this subdivision expire effective for tax increments expended after December 31, 2055.  
239.11 After that date, the provisions of section 469.1763, subdivision 4, apply to any remaining  
239.12 unspent or unobligated increments.

239.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
239.14 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
239.15 subdivisions 2 and 3.

239.16 Sec. 11. **INITIAL DEVELOPMENT PLAN FOR REGIONAL EXCHANGE**  
239.17 **DISTRICT.**

239.18 (a) REDAB must prepare a proposed initial development plan for the district and submit  
239.19 the plan to the city by March 31, 2020. The initial plan must provide the following:

239.20 (1) an outline for the development of the district to meet the purpose and findings in  
239.21 Minnesota Statutes, section 469.51, subdivision 2;

239.22 (2) the extension of 6th Avenue East, primary street improvements, and related structural  
239.23 and safety improvements;

239.24 (3) construction of parking structures for the medical business west and for the medical  
239.25 business east, with the parking structures also supporting the public needs of surrounding  
239.26 neighborhoods and the district. The initial development plan must require that public  
239.27 financing for the construction of parking structures is not available until the commissioner  
239.28 of employment and economic development determines that \$50,000,000 has been committed  
239.29 to the project from private sources; and

239.30 (4) extensions or connections of district energy utility infrastructure to existing and new  
239.31 buildings and facilities within the district to meet the medical facilities' thermal energy  
239.32 needs.

240.1 (b) The initial development plan must be approved by six members of the advisory board  
240.2 prior to submitting the plan to the city council for consideration. The initial development  
240.3 plan for the district is not adopted until approved by the city council. If the city council  
240.4 rejects the initial development plan proposed by the advisory board, the board may revise  
240.5 the initial development plan and resubmit the plan. Section 15.99 does not apply to review  
240.6 and approval of the development plan. The city must not spend any appropriation support  
240.7 payments from the state until it has approved an initial development plan proposed by the  
240.8 advisory board.

240.9 (c) REDAB may propose modifications to the initial development plan at any time;  
240.10 however, all changes are subject to approval by the city council.

240.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
240.12 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
240.13 subdivisions 2 and 3.

240.14 Sec. 12. **APPROPRIATION; TAXPAYER ASSISTANCE GRANTS.**

240.15 \$400,000 in fiscal year 2020 and \$400,000 in fiscal year 2021 are appropriated from the  
240.16 general fund to the commissioner of revenue for grants under Minnesota Statutes, section  
240.17 270C.21, subdivision 2. These amounts are in addition to any other amounts appropriated  
240.18 by law. Of the amount appropriated, up to five percent may be used for the administration  
240.19 of the taxpayer assistance grants program.

240.20 Sec. 13. **APPROPRIATION; TAXPAYER RECEIPT.**

240.21 \$100,000 in fiscal year 2021 is appropriated from the general fund to the commissioner  
240.22 of management and budget to develop and publish the taxpayer receipt under section  
240.23 16A.067. The base funding for this program is \$47,000 in fiscal year 2022 and thereafter.

## 240.24 **ARTICLE 11**

### 240.25 **DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE** 240.26 **FRANCHISE TAXES: POLICY CHANGES**

240.27 Section 1. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

240.28 Subd. 26. **Social Security benefits.** (a) A portion of Social Security benefits is allowed  
240.29 as a subtraction. The subtraction equals the lesser of Social Security benefits or a maximum  
240.30 subtraction subject to the limits under paragraphs (b), (c), and (d).



241.1 (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
241.2 subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional  
241.3 income over \$77,000. In no case is the subtraction less than zero.

241.4 (c) For single or head-of-household taxpayers, the maximum subtraction equals \$3,500.  
241.5 The maximum subtraction is reduced by 20 percent of provisional income over \$60,200.  
241.6 In no case is the subtraction less than zero.

241.7 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~  
241.8 one-half the maximum subtraction for joint returns under paragraph (b). The maximum  
241.9 subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the  
241.10 threshold amount specified in paragraph (b). In no case is the subtraction less than zero.

241.11 (e) For purposes of this subdivision, "provisional income" means modified adjusted  
241.12 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of  
241.13 the Social Security benefits received during the taxable year, and "Social Security benefits"  
241.14 has the meaning given in section 86(d)(1) of the Internal Revenue Code.

241.15 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
241.16 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section  
241.17 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue  
241.18 Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner  
241.19 shall then determine the percentage change from the 12 months ending on August 31, 2016,  
241.20 to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12  
241.21 months ending on August 31, 2016, to the 12 months ending on August 31 of the year  
241.22 preceding the taxable year. The determination of the commissioner pursuant to this  
241.23 subdivision must not be considered a rule and is not subject to the Administrative Procedure  
241.24 Act contained in chapter 14, including section 14.386. The maximum subtraction and  
241.25 threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount  
241.26 ends in \$5, the amount is rounded up to the nearest \$10 amount.

241.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
241.28 31, 2018.

241.29 Sec. 2. Minnesota Statutes 2018, section 290.0137, is amended to read:

241.30 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**  
241.31 **SALE GAINS.**

241.32 (a) In the case of a nonresident individual or a person who becomes a nonresident  
241.33 individual during the tax year, taxable net income shall include the ~~allocable~~ amount realized

242.1 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated  
242.2 in Minnesota during the year of sale, including any income or gain to be recognized in future  
242.3 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

242.4 (1) For the purposes of this paragraph, an individual who becomes a nonresident of  
242.5 Minnesota in any year after an installment sale is required to recognize the full amount of  
242.6 any income or gain described in this paragraph on the individual's final Minnesota resident  
242.7 tax return to the extent that such income has not been recognized in a prior year.

242.8 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)  
242.9 of the Internal Revenue Code.

242.10 (3) For the purposes of this section, "installment sale" means any installment sale under  
242.11 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a  
242.12 method of accounting authorized under subchapter E of the Internal Revenue Code that  
242.13 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

242.14 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~  
242.15 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~  
242.16 ~~to Minnesota under section 290.17.~~

242.17 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing  
242.18 unrecognized installment sale gains by making an election under this paragraph. The election  
242.19 must be filed on a form to be determined or prescribed by the commissioner and must be  
242.20 filed by the due date of the individual income tax return, including any extension. Electing  
242.21 taxpayers must make an irrevocable agreement to:

242.22 (1) file Minnesota tax returns in all subsequent years when gains from the installment  
242.23 sales are recognized and reported to the Internal Revenue Service;

242.24 (2) allocate gains to the state of Minnesota as though the gains were realized in the year  
242.25 of sale under section 290.17, 290.191, or 290.20; and

242.26 (3) include all relevant federal tax documents reporting the installment sale with  
242.27 subsequent Minnesota tax returns.

242.28 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must  
242.29 be excluded from taxable net income in any future year that the taxpayer files a Minnesota  
242.30 tax return to the extent that the income or gain has already been subject to tax pursuant to  
242.31 paragraph (a).

242.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

243.1 Sec. 3. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

243.2 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
243.3 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
243.4 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
243.5 their taxable net income the following schedule of rates:

243.6 (1) On the first \$35,480, 5.35 percent;

243.7 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

243.8 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

243.9 (4) On all over \$250,000, 9.85 percent.

243.10 Married individuals filing separate returns, estates, and trusts must compute their income  
243.11 tax by applying the above rates to their taxable income, except that the income brackets  
243.12 will be one-half of the above amounts after the adjustment required in subdivision 2d.

243.13 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
243.14 computed by applying to taxable net income the following schedule of rates:

243.15 (1) On the first \$24,270, 5.35 percent;

243.16 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

243.17 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

243.18 (4) On all over \$150,000, 9.85 percent.

243.19 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
243.20 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
243.21 computed by applying to taxable net income the following schedule of rates:

243.22 (1) On the first \$29,880, 5.35 percent;

243.23 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

243.24 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

243.25 (4) On all over \$200,000, 9.85 percent.

243.26 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
243.27 of any individual taxpayer whose taxable net income for the taxable year is less than an  
243.28 amount determined by the commissioner must be computed in accordance with tables  
243.29 prepared and issued by the commissioner of revenue based on income brackets of not more  
243.30 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in

244.1 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
244.2 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

244.3 (e) An individual who is not a Minnesota resident for the entire year must compute the  
244.4 individual's Minnesota income tax as provided in this subdivision. After the application of  
244.5 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
244.6 by a fraction in which:

244.7 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
244.8 defined in section 62 of the Internal Revenue Code and increased by:

244.9 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,  
244.10 and 290.0137, paragraph (a); and reduced by

244.11 (ii) the Minnesota assignable portion of the subtraction for United States government  
244.12 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections  
244.13 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying  
244.14 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

244.15 (2) the denominator is the individual's federal adjusted gross income as defined in section  
244.16 62 of the Internal Revenue Code, increased by:

244.17 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,  
244.18 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

244.19 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions  
244.20 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

244.21 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years  
244.22 beginning after December 31, 2018. The amendment to paragraph (e) is effective the day  
244.23 following final enactment.

244.24 Sec. 4. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

244.25 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after  
244.26 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for  
244.27 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage  
244.28 determined under paragraph (b). For the purpose of making the adjustment as provided in  
244.29 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets  
244.30 as they existed for taxable years beginning after December 31, 2012, and before January 1,  
244.31 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts  
244.32 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate

245.1 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in  
245.2 \$5, it must be rounded up to the nearest \$10 amount.

245.3 (b) The commissioner shall adjust the rate brackets and by the percentage determined  
245.4 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section  
245.5 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the  
245.6 commissioner shall then determine the percent change from the 12 months ending on August  
245.7 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from  
245.8 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the  
245.9 year preceding the taxable year. The commissioner shall determine the rate bracket for  
245.10 married filing separate returns after this adjustment is done. The rate bracket for married  
245.11 filing separate must be one-half of the rate bracket for married filing joint. The determination  
245.12 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
245.13 not be subject to the Administrative Procedure Act contained in chapter 14.

245.14 No later than December 15 of each year, the commissioner shall announce the specific  
245.15 percentage that will be used to adjust the tax rate brackets.

245.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
245.17 31, 2018.

245.18

## ARTICLE 12

245.19

### DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES: TECHNICAL CHANGES

245.20

245.21 Section 1. Minnesota Statutes 2018, section 289A.38, subdivision 7, is amended to read:

245.22 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,  
245.23 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any  
245.24 period, as reported to the Internal Revenue Service is changed or corrected by the  
245.25 commissioner of Internal Revenue or other officer of the United States or other competent  
245.26 authority, or where a renegotiation of a contract or subcontract with the United States results  
245.27 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,  
245.28 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall  
245.29 report the change or correction or renegotiation results in writing to the commissioner. The  
245.30 report must be submitted within 180 days after the final determination and must be in the  
245.31 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or  
245.32 income tax return conceding the accuracy of the federal determination or a letter detailing  
245.33 how the federal determination is incorrect or does not change the Minnesota tax. An amended  
245.34 Minnesota income tax return must be accompanied by an amended property tax refund

246.1 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy  
246.2 of the amended return with the commissioner of revenue within 180 days after filing the  
246.3 amended return.

246.4 (b) For the purposes of paragraph (a), a change or correction includes any case where a  
246.5 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service  
246.6 under section 7121 or 7122 of the Internal Revenue Code.

246.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

246.8 Sec. 2. Minnesota Statutes 2018, section 290.92, subdivision 28, is amended to read:

246.9 Subd. 28. **Payments to horse racing license holders.** Effective with payments made  
246.10 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission  
246.11 who makes a payment for personal or professional services to a holder of a class C license  
246.12 issued by the commission, except an amount paid as a purse, shall deduct from the payment  
246.13 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount  
246.14 paid to that individual by the same person during the calendar year exceeds \$600. For  
246.15 purposes of the provisions of this section, a payment to any person which is subject to  
246.16 withholding under this subdivision must be treated as if the payment was a wage paid by  
246.17 an employer to an employee. Every individual who is to receive a payment which is subject  
246.18 to withholding under this subdivision shall furnish the license holder with a statement, made  
246.19 under the penalties of perjury, containing the name, address, and Social Security account  
246.20 number of the person receiving the payment. No withholding is required if the individual  
246.21 presents a signed certificate from the individual's employer which states that the individual  
246.22 is an employee of that employer. A nonresident individual who holds a class C license must  
246.23 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section  
246.24 290.17, subdivision ~~2(1)(b)(ii)(a)(2)(ii)~~.

246.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

246.26 Sec. 3. Minnesota Statutes 2018, section 462D.03, subdivision 2, is amended to read:

246.27 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate  
246.28 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~  
246.29 in a form and manner prescribed by the commissioner following the taxable year in which  
246.30 the account was established. The account holder may be the qualified beneficiary. The  
246.31 account holder may change the designated qualified beneficiary at any time, but no more  
246.32 than one qualified beneficiary may be designated for an account at any one time. For purposes  
246.33 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing

247.1 the designated qualified beneficiary of an account does not affect computation of the ten-year  
247.2 period under section 462D.06, subdivision 2.

247.3 (b) The commissioner shall establish a process for account holders to notify the state  
247.4 that permits recording of the account, the account holder or holders, any transfers under  
247.5 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.  
247.6 This may be done upon filing the account holder's income tax return or in any other way  
247.7 the commissioner determines to be appropriate.

247.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

### 247.9 ARTICLE 13

### 247.10 PARTNERSHIP TAX; POLICY

247.11 Section 1. Minnesota Statutes 2018, section 270C.445, subdivision 6, is amended to read:

247.12 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
247.13 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
247.14 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed  
247.15 for any conduct for which a tax preparer penalty is imposed under section 289A.60,  
247.16 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit  
247.17 returns electronically to the state, if the commissioner determines the tax preparer engaged  
247.18 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph  
247.19 is subject to the contested case procedure under chapter 14. The commissioner shall collect  
247.20 the penalty in the same manner as the income tax. There is no right to make a claim for  
247.21 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed  
247.22 under this paragraph are public data.

247.23 (b) In addition to the penalty under paragraph (a), if the commissioner determines that  
247.24 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may  
247.25 issue an administrative order to the tax preparer requiring the tax preparer to cease and  
247.26 desist from committing the violation. The administrative order may include an administrative  
247.27 penalty provided in paragraph (a).

247.28 (c) If the commissioner issues an administrative order under paragraph (b), the  
247.29 commissioner must send the order to the tax preparer addressed to the last known address  
247.30 of the tax preparer.

247.31 (d) A cease and desist order under paragraph (b) must:

248.1 (1) describe the act, conduct, or practice committed and include a reference to the law  
248.2 that the act, conduct, or practice violates; and

248.3 (2) provide notice that the tax preparer may request a hearing as provided in this  
248.4 subdivision.

248.5 (e) Within 30 days after the commissioner issues an administrative order under paragraph  
248.6 (b), the tax preparer may request a hearing to review the commissioner's action. The request  
248.7 for hearing must be made in writing and must be served on the commissioner at the address  
248.8 specified in the order. The hearing request must specifically state the reasons for seeking  
248.9 review of the order. The date on which a request for hearing is served by mail is the postmark  
248.10 date on the envelope in which the request for hearing is mailed.

248.11 (f) If a tax preparer does not timely request a hearing regarding an administrative order  
248.12 issued under paragraph (b), the order becomes a final order of the commissioner and is not  
248.13 subject to review by any court or agency.

248.14 (g) If a tax preparer timely requests a hearing regarding an administrative order issued  
248.15 under paragraph (b), the hearing must be commenced within ten days after the commissioner  
248.16 receives the request for a hearing.

248.17 (h) A hearing timely requested under paragraph (e) is subject to the contested case  
248.18 procedure under chapter 14, as modified by this subdivision. The administrative law judge  
248.19 must issue a report containing findings of fact, conclusions of law, and a recommended  
248.20 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,  
248.21 or the submission of written arguments, whichever is later.

248.22 (i) Within five days of the date of the administrative law judge's report issued under  
248.23 paragraph (h), any party aggrieved by the administrative law judge's report may submit  
248.24 written exceptions and arguments to the commissioner. Within 15 days after receiving the  
248.25 administrative law judge's report, the commissioner must issue an order vacating, modifying,  
248.26 or making final the administrative order.

248.27 (j) The commissioner and the tax preparer requesting a hearing may by agreement  
248.28 lengthen any time periods prescribed in paragraphs (g) to (i).

248.29 (k) An administrative order issued under paragraph (b) is in effect until it is modified  
248.30 or vacated by the commissioner or an appellate court. The administrative hearing provided  
248.31 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute  
248.32 the exclusive remedy for a tax preparer aggrieved by the order.



249.1 (l) The commissioner may impose an administrative penalty, in addition to the penalty  
249.2 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
249.3 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case  
249.4 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
249.5 this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
249.6 penalty order. The request for hearing must be made in writing and must be served on the  
249.7 commissioner at the address specified in the order. The hearing request must specifically  
249.8 state the reasons for seeking review of the order. The cease and desist order issued under  
249.9 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
249.10 this paragraph. The date on which a request for hearing is served by mail is the postmark  
249.11 date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
249.12 timely request a hearing, the penalty order becomes a final order of the commissioner and  
249.13 is not subject to review by any court or agency. A penalty imposed by the commissioner  
249.14 under this paragraph may be collected and enforced by the commissioner as an income tax  
249.15 liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
249.16 imposed under this paragraph. A penalty imposed under this paragraph is public data.

249.17 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the  
249.18 commissioner may terminate the tax preparer's authority to transmit returns electronically  
249.19 to the state. Termination under this paragraph is public data.

249.20 (n) A cease and desist order issued under paragraph (b) is public data when it is a final  
249.21 order.

249.22 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
249.23 action under this subdivision against a tax preparer, with respect to a return, within the  
249.24 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.384.

249.25 (p) Notwithstanding any other law, the imposition of a penalty or any other action against  
249.26 a tax preparer under this subdivision, other than with respect to a return, must be taken by  
249.27 the commissioner within five years of the violation of statute.

249.28 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
249.29 after December 31, 2017, except that for partnerships that make an election under Code of  
249.30 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
249.31 and applies to the same tax periods to which the election relates.

250.1 Sec. 2. Minnesota Statutes 2018, section 289A.31, subdivision 1, is amended to read:

250.2 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**  
250.3 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining  
250.4 company, and corporate franchise taxes, and interest and penalties, must be paid by the  
250.5 taxpayer upon whom the tax is imposed, except in the following cases:

250.6 (1) the tax due from a decedent for that part of the taxable year in which the decedent  
250.7 died during which the decedent was alive and the taxes, interest, and penalty due for the  
250.8 prior years must be paid by the decedent's personal representative, if any. If there is no  
250.9 personal representative, the taxes, interest, and penalty must be paid by the transferees, as  
250.10 defined in section 270C.58, subdivision 3, to the extent they receive property from the  
250.11 decedent;

250.12 (2) the tax due from an infant or other incompetent person must be paid by the person's  
250.13 guardian or other person authorized or permitted by law to act for the person;

250.14 (3) the tax due from the estate of a decedent must be paid by the estate's personal  
250.15 representative;

250.16 (4) the tax due from a trust, including those within the definition of a corporation, as  
250.17 defined in section 290.01, subdivision 4, must be paid by a trustee; and

250.18 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,  
250.19 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge  
250.20 of the business or property so far as the tax is due to the income from the business or property.

250.21 (b) Entertainment taxes are the joint and several liability of the entertainer and the  
250.22 entertainment entity. The payor is liable to the state for the payment of the tax required to  
250.23 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the  
250.24 entertainer for the amount of the payment.

250.25 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.383, subdivision  
250.26 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the  
250.27 general partners.

250.28 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
250.29 after December 31, 2017, except that for partnerships that make an election under Code of  
250.30 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
250.31 and applies to the same tax periods to which the election relates.

251.1 Sec. 3. Minnesota Statutes 2018, section 289A.37, subdivision 2, is amended to read:

251.2 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous  
251.3 refund occurs when the commissioner issues a payment to a person that exceeds the amount  
251.4 the person is entitled to receive under law. An erroneous refund is considered an  
251.5 underpayment of tax on the date issued.

251.6 (b) To the extent that the amount paid does not exceed the amount claimed by the  
251.7 taxpayer, an erroneous refund does not include the following:

251.8 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a  
251.9 taxpayer, including but not limited to refunds of claims made under section 290.06,  
251.10 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;  
251.11 290.0681; or 290.0692; or chapter 290A; or

251.12 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a  
251.13 taxpayer.

251.14 (c) The commissioner may make an assessment to recover an erroneous refund at any  
251.15 time within two years from the issuance of the erroneous refund. If all or part of the erroneous  
251.16 refund was induced by fraud or misrepresentation of a material fact, the assessment may  
251.17 be made at any time.

251.18 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be  
251.19 conducted under ~~section~~ sections 289A.38 to 289A.384.

251.20 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
251.21 after December 31, 2017, except that for partnerships that make an election under Code of  
251.22 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
251.23 and applies to the same tax periods to which the election relates.

251.24 Sec. 4. Minnesota Statutes 2018, section 289A.38, subdivision 10, is amended to read:

251.25 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding  
251.26 any other provision of this chapter, if a taxpayer whose net income is determined under  
251.27 section 290.01, subdivision 19, omits from income an amount that will under the Internal  
251.28 Revenue Code extend the statute of limitations for the assessment of federal income taxes,  
251.29 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting  
251.30 in adjustments by the Internal Revenue Service, then the period of assessment and  
251.31 determination of tax will be that under the Internal Revenue Code. When a change is made  
251.32 to federal income during the extended time provided under this subdivision, the provisions

252.1 under ~~subdivisions 7 to 9~~ sections 289A.381 to 289A.384 regarding additional extensions  
252.2 apply.

252.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
252.4 after December 31, 2017, except that for partnerships that make an election under Code of  
252.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
252.6 and applies to the same tax periods to which the election relates.

252.7 **Sec. 5. [289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

252.8 Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified,  
252.9 the definitions in this section apply for the purposes of sections 289A.381 to 289A.385.

252.10 Subd. 2. **Administrative adjustment request.** "Administrative adjustment request"  
252.11 means an administrative adjustment request filed by a partnership under section 6227 of  
252.12 the Internal Revenue Code.

252.13 Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a  
252.14 federal adjustment resulting from a partnership-level audit.

252.15 Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax  
252.16 under section 290.02.

252.17 Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal  
252.18 ownership interest in a partnership or pass-through entity.

252.19 Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes  
252.20 on its net income under section 290.05, subdivision 1.

252.21 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount  
252.22 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an  
252.23 item of preference, or any other item that is used by a taxpayer to compute a tax administered  
252.24 under this chapter for the reviewed year whether that change results from action by the  
252.25 Internal Revenue Service or other competent authority, including a partnership-level audit,  
252.26 or the filing of an amended federal return, federal refund claim, or an administrative  
252.27 adjustment request by the taxpayer.

252.28 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method  
252.29 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,  
252.30 including an amended Minnesota tax return or a uniform multistate report.

252.31 Subd. 9. **Federal partnership representative.** "Federal partnership representative"  
252.32 means the person the partnership designates for the taxable year as the partnership's

253.1 representative, or the person the Internal Revenue Service has appointed to act as the  
253.2 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

253.3 Subd. 10. **Final determination date.** (a) "Final determination date" means:

253.4 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or  
253.5 other competent authority, the first day on which no federal adjustment arising from that  
253.6 audit remains to be finally determined, whether by agreement, or, if appealed or contested,  
253.7 by a final decision with respect to which all rights of appeal have been waived or exhausted;

253.8 (2) for a federal adjustment arising from the filing of an amended federal return, a federal  
253.9 refund claim, or the filing by a partnership of an administrative adjustment request, the day  
253.10 which the amended return, refund claim, or administrative adjustment request was filed; or

253.11 (3) for agreements required to be signed by the Internal Revenue Service and the taxpayer,  
253.12 the date on which the last party signed the agreement.

253.13 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal  
253.14 adjustment for which the final determination date for that federal adjustment has passed.

253.15 Subd. 12. **Indirect partner.** "Indirect partner" means either:

253.16 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal  
253.17 ownership interest in another partnership or pass-through entity; or

253.18 (2) a partner in a partnership or pass-through entity that holds an indirect interest in  
253.19 another partnership or pass-through entity through another indirect partner.

253.20 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly  
253.21 in a partnership or other pass-through entity.

253.22 Subd. 14. **Partnership.** The term "partnership" has the meaning provided under section  
253.23 7701(a)(2) of the Internal Revenue Code.

253.24 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by  
253.25 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,  
253.26 subchapter C, of the Internal Revenue Code, which results in federal adjustments and  
253.27 adjustments to partnership-related items.

253.28 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a  
253.29 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through  
253.30 entity includes but is not limited to S corporations, estates, and trusts other than grantor  
253.31 trusts.

254.1 Subd. 17. **Resident partner.** "Resident partner" means an individual partner or individual  
254.2 indirect partner who is a resident of Minnesota under section 290.01, subdivision 7, for the  
254.3 relevant tax period.

254.4 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that  
254.5 is subject to a partnership-level audit from which federal adjustments arise.

254.6 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or  
254.7 pass-through entity.

254.8 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"  
254.9 has the same meaning as defined in section 512 of the Internal Revenue Code.

254.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
254.11 after December 31, 2017, except that for partnerships that make an election under Code of  
254.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
254.13 and applies to the same tax periods to which the election relates.

254.14 Sec. 6. **[289A.382] REPORTING FEDERAL ADJUSTMENTS; GENERAL RULE.**

254.15 (a) Within 180 days of a final determination date, a taxpayer must file a federal  
254.16 adjustments report with the commissioner reporting all final federal adjustments by the  
254.17 Internal Revenue Service or other competent authority.

254.18 (b) Within 180 days of a final determination date, a taxpayer must file a federal  
254.19 adjustments report with the commissioner reporting any federal adjustments reported by  
254.20 the taxpayer to the Internal Revenue Service, including but not limited to:

254.21 (1) federal refund claims;

254.22 (2) a change reported on a timely filed amended federal income tax return; and

254.23 (3) a change reported on an amended return filed pursuant to section 6225(c) of the  
254.24 Internal Revenue Code.

254.25 (c) In the case of a final federal adjustment arising from a partnership-level audit or an  
254.26 administrative adjustment request filed by a partnership under section 6227 of the Internal  
254.27 Revenue Code, a taxpayer must report adjustments as provided for under section 289A.383,  
254.28 and not this section.

254.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
254.30 after December 31, 2017, except that for partnerships that make an election under Code of  
254.31 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
254.32 and applies to the same tax periods to which the election relates.

255.1 **Sec. 7. [289A.383] REPORTING AND PAYMENT REQUIREMENTS.**

255.2 **Subdivision 1. State partnership representative.** (a) With respect to an action required  
255.3 or permitted to be taken by a partnership under this section, or in a proceeding under section  
255.4 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the  
255.5 sole authority to act on behalf of the partnership, and its direct partners and indirect partners  
255.6 shall be bound by those actions.

255.7 (b) The state partnership representative for the reviewed year is the partnership's federal  
255.8 partnership representative unless the partnership, in a form and manner prescribed by the  
255.9 commissioner, designates another person as its state partnership representative.

255.10 **Subd. 2. Reporting and payment requirements for partnerships and tiered**  
255.11 **partners.** (a) Unless an audited partnership makes the election in subdivision 3, then, for  
255.12 all final federal adjustments the audited partnership must comply with paragraph (b) and  
255.13 each direct partner of the audited partnership, other than a tiered partner, must comply with  
255.14 paragraph (c).

255.15 (b) No later than 90 days after the final determination date, the audited partnership must:

255.16 (1) file a completed federal adjustments report, including all partner-level information  
255.17 required under section 289A.12, subdivision 3, with the commissioner;

255.18 (2) notify each of its direct partners of their distributive share of the adjustments;

255.19 (3) file an amended composite report for all direct partners who were included in a  
255.20 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the  
255.21 additional amount that would have been due had the federal adjustments been reported  
255.22 properly as required; and

255.23 (4) file amended withholding reports for all direct partners who were or should have  
255.24 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed  
255.25 year, and pay the additional amount that would have been due had the federal adjustments  
255.26 been reported properly as required.

255.27 (c) No later than 180 days after the final determination date, each direct partner, other  
255.28 than a tiered partner, that is subject to a tax administered under this chapter, other than the  
255.29 sales tax, must:

255.30 (1) file a federal adjustments report reporting their distributive share of the adjustments  
255.31 reported to them under paragraph (b), clause (2); and

256.1 (2) pay any additional amount of tax due as if the final federal adjustment had been  
256.2 properly reported, plus any penalty and interest due under this chapter, and less any credit  
256.3 for related amounts paid or withheld and remitted on behalf of the direct partner under  
256.4 paragraph (b), clauses (3) and (4).

256.5 Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may  
256.6 make an election under this subdivision to pay its assessment at the entity level. If an audited  
256.7 partnership makes an election to pay its assessment at the entity level it must:

256.8 (1) no later than 90 days after the final determination date, file a completed federal  
256.9 adjustments report, including the residency information for all individual partners, both  
256.10 direct and indirect, and information pertaining to all other partners as prescribed by the  
256.11 commissioner, and notify the commissioner that it is making the election under this  
256.12 subdivision; and

256.13 (2) no later than 180 days after the final determination date, pay an amount, determined  
256.14 as follows, in lieu of taxes on partners:

256.15 (i) exclude from final federal adjustments the distributive share of these adjustments  
256.16 made to an exempt partner that is not unrelated business taxable income;

256.17 (ii) exclude from final federal adjustments the distributive share of these adjustments  
256.18 made to a partner that has filed a federal adjustments report and paid the applicable tax, as  
256.19 required under subdivision 2, for the distributive share of adjustments reported on a federal  
256.20 return under section 6225(c) of the Internal Revenue Code;

256.21 (iii) allocate at the partner level using section 290.17, subdivision 1, all final federal  
256.22 adjustments attributable to resident partners, both direct and indirect, for the reviewed year;

256.23 (iv) allocate and apportion at the partnership level using sections 290.17 to 290.20 all  
256.24 remaining final federal adjustments for the reviewed year;

256.25 (v) determine the total distributive share of the allocated and apportioned final federal  
256.26 adjustments determined in items (iii) and (iv) that are attributable to:

256.27 (A) resident partners;

256.28 (B) corporate partners and exempt partners; and

256.29 (C) the total distributive share amount allocated to all other partners;

256.30 (vi) for the total distributive share of net final federal adjustments attributed to corporate  
256.31 partners and exempt partners under item (v), subitem (B), multiply the total by the highest



257.1 tax rate in section 290.06, subdivision 1, for the reviewed year, and calculate interest and  
257.2 penalties as applicable under this chapter;

257.3 (vii) for the total distributive share of net final federal adjustments attributable to resident  
257.4 partners, and all other partners under item (v), subitems (A) and (C), multiply the total by  
257.5 the highest tax rate in section 290.06, subdivision 2c, for the reviewed year, and calculate  
257.6 interest and penalties as applicable under this chapter; and

257.7 (viii) add the amount determined in item (vi) to the amount determined in item (vii),  
257.8 and pay all applicable taxes, penalties, and interest to the commissioner.

257.9 (b) An audited partnership may not make an election under this subdivision to report:

257.10 (1) a federal adjustment that results in unitary business income to a corporate partner  
257.11 required to file as a member of a combined report under section 290.17, subdivision 4; or

257.12 (2) any final federal adjustments resulting from an administrative adjustment request.

257.13 Subd. 4. Tiered partners and indirect partners. (a) Each tiered partner and each  
257.14 indirect partner of an audited partnership that reported final federal adjustments pursuant  
257.15 to subdivision 2, paragraph (b), clause (1), or this subdivision, must:

257.16 (1) within 90 days of the report comply with the filing, reporting, and payment  
257.17 requirements of subdivision 2, paragraph (b); or

257.18 (2) make the election under subdivision 3 as though it were the audited partnership.

257.19 (b) Each direct partner in a partnership making a report under paragraph (a) must, within  
257.20 180 days of the report, comply with the filing, reporting, and payment requirements of  
257.21 subdivision 2, paragraph (c).

257.22 (c) Notwithstanding the interim time requirements in this subdivision and subdivisions  
257.23 2 and 3, all reports and payments required to be made by the tiered and indirect partners  
257.24 under this section are required to be made within 90 days after the time for the filing and  
257.25 furnishing of statements to tiered partners and their partners as established by the Internal  
257.26 Revenue Service under section 6226 of the Internal Revenue Code.

257.27 Subd. 5. Effects of election by partnership or tiered partner and payment of amount  
257.28 due. (a) Unless the commissioner determines otherwise, the election under subdivision 3  
257.29 is irrevocable.

257.30 (b) If an audited partnership or tiered partner properly reports and pays an amount  
257.31 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by  
257.32 the partnership's direct partners on the same final federal adjustments. The direct partners

258.1 and indirect partners of the partnership who are not resident partners may not take any  
258.2 deduction or credit for this amount or claim a refund of the amount in this state.

258.3 (c) Nothing in this subdivision precludes resident partners from claiming a credit against  
258.4 taxes paid under section 290.06, on any amounts paid by the audited partnership or tiered  
258.5 partners on the resident partner's behalf to another state or local tax jurisdiction.

258.6 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this  
258.7 section prevents the commissioner from assessing partners or indirect partners for taxes  
258.8 they owe in the event that, for any reason, a partnership or tiered partner fails to timely  
258.9 make any report or payment required by this section.

258.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
258.11 after December 31, 2017, except that for partnerships that make an election under Code of  
258.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
258.13 and applies to the same tax periods to which the election relates.

258.14 Sec. 8. **[289A.384] ASSESSMENT OF TAX, INTEREST, PENALTIES, AND**  
258.15 **ADDITIONAL AMOUNTS.**

258.16 Subdivision 1. **Assessment of additional tax, interest, and penalties.** The commissioner  
258.17 may assess additional tax, interest, and penalties following a final federal adjustment:

258.18 (1) arising from an audit by the Internal Revenue Service, including a partnership-level  
258.19 audit;

258.20 (2) reported by the taxpayer on an amended federal tax return; or

258.21 (3) as part of an administrative adjustment request on or before the dates provided in  
258.22 this section.

258.23 Subd. 2. **Timely and untimely reported federal adjustments.** If a taxpayer files a  
258.24 federal adjustments report, within or after the periods prescribed in section 289A.382 or  
258.25 289A.383, the commissioner may assess any additional Minnesota amounts including  
258.26 in-lieu-of amounts, taxes, interest, and penalties at the later of:

258.27 (1) the expiration of the period of limitations in section 289A.38; or

258.28 (2) the expiration of the one-year period following the date of the filing with the  
258.29 commissioner of the federal adjustments report.

258.30 Subd. 3. **Unreported reported federal adjustments.** If the taxpayer fails to file a federal  
258.31 adjustments report, the commissioner may assess any additional amounts including in-lieu-of  
258.32 amounts, taxes, penalties, and interest, at the later of:

259.1 (1) the expiration of the period of limitations in section 289A.38; or

259.2 (2) the expiration of the six-year period following the final determination date.

259.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
259.4 after December 31, 2017, except that for partnerships that make an election under Code of  
259.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
259.6 and applies to the same tax periods to which the election relates.

259.7 **Sec. 9. [289A.385] CLAIMS FOR REFUND OR CREDITS OF STATE TAX**  
259.8 **ARISING FROM FINAL FEDERAL ADJUSTMENTS MADE BY THE INTERNAL**  
259.9 **REVENUE SERVICE.**

259.10 Taxpayers subject to the reporting requirements of sections 289A.382 and 289A.383  
259.11 may file claims for refund related to federal adjustments made by the Internal Revenue  
259.12 Service on or before the last day of the general period of limitations on claims for refund  
259.13 in section 289A.40.

259.14 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
259.15 after December 31, 2017, except that for partnerships that make an election under Code of  
259.16 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
259.17 and applies to the same tax periods to which the election relates.

259.18 Sec. 10. Minnesota Statutes 2018, section 289A.42, is amended to read:

259.19 **289A.42 CONSENT TO EXTEND STATUTE.**

259.20 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in  
259.21 sections 289A.38 to 289A.384 and 289A.40 for the assessment of tax or the filing of a claim  
259.22 for refund, both the commissioner and the taxpayer have consented in writing to the  
259.23 assessment or filing of a claim for refund after that time, the tax may be assessed or the  
259.24 claim for refund filed at any time before the expiration of the agreed-upon period. The  
259.25 period may be extended by later agreements in writing before the expiration of the period  
259.26 previously agreed upon. The taxpayer and the commissioner may also agree to extend the  
259.27 period for collection of the tax.

259.28 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the  
259.29 assessment of federal withholding or income taxes, the period in which the commissioner  
259.30 may recompute the tax is also extended, notwithstanding any period of limitations to the  
259.31 contrary, as follows:

260.1 (1) for the periods provided in section ~~289A.38, subdivisions 8 and 9~~ 289A.384,  
260.2 subdivisions 2 and 3;

260.3 (2) for six months following the expiration of the extended federal period of limitations  
260.4 when no change is made by the federal authority. If no change is made by the federal  
260.5 authority, and, but for this subdivision, the commissioner's time period to adjust the tax has  
260.6 expired, and if the commissioner has completed a field audit of the taxpayer, no additional  
260.7 changes resulting in additional tax due or a refund may be made. For purposes of this  
260.8 subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.

260.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
260.10 after December 31, 2017, except that for partnerships that make an election under Code of  
260.11 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
260.12 and applies to the same tax periods to which the election relates.

260.13 Sec. 11. Minnesota Statutes 2018, section 289A.60, subdivision 24, is amended to read:

260.14 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to  
260.15 the commissioner a change or correction of the person's federal return in the manner and  
260.16 time prescribed in ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383, there  
260.17 must be added to the tax an amount equal to ten percent of the amount of any underpayment  
260.18 of Minnesota tax attributable to the federal change.

260.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
260.20 after December 31, 2017, except that for partnerships that make an election under Code of  
260.21 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
260.22 and applies to the same tax periods to which the election relates.

260.23 Sec. 12. Minnesota Statutes 2018, section 290.31, subdivision 1, is amended to read:

260.24 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under  
260.25 ~~section~~ sections 289A.35, paragraph (b), and 289A.383, subdivision 3, a partnership as such  
260.26 shall not be subject to the income tax imposed by this chapter, but is subject to the tax  
260.27 imposed under section 290.0922. Persons carrying on business as partners shall be liable  
260.28 for income tax only in their separate or individual capacities.

260.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
260.30 after December 31, 2017, except that for partnerships that make an election under Code of  
260.31 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
260.32 and applies to the same tax periods to which the election relates.

261.1 Sec. 13. Minnesota Statutes 2018, section 297F.17, subdivision 6, is amended to read:

261.2 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the  
261.3 commissioner during the one-year period beginning with the timely filing of the taxpayer's  
261.4 federal income tax return containing the bad debt deduction that is being claimed. Claimants  
261.5 under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision~~  
261.6 7 sections 289A.382 and 289A.383.

261.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
261.8 after December 31, 2017, except that for partnerships that make an election under Code of  
261.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
261.10 and applies to the same tax periods to which the election relates.

261.11 Sec. 14. Minnesota Statutes 2018, section 297G.16, subdivision 7, is amended to read:

261.12 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with  
261.13 the commissioner within one year of the filing of the taxpayer's income tax return containing  
261.14 the bad debt deduction that is being claimed. Claimants under this subdivision are subject  
261.15 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.384.

261.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
261.17 after December 31, 2017, except that for partnerships that make an election under Code of  
261.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
261.19 and applies to the same tax periods to which the election relates.

261.20 Sec. 15. Minnesota Statutes 2018, section 469.319, subdivision 4, is amended to read:

261.21 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter  
261.22 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an  
261.23 amended return with the commissioner of revenue and pay any taxes required to be repaid  
261.24 within 30 days after becoming subject to repayment under this section. The amount required  
261.25 to be repaid is determined by calculating the tax for the period or periods for which repayment  
261.26 is required without regard to the exemptions and credits allowed under section 469.315.

261.27 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any  
261.28 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of  
261.29 revenue, within 30 days after becoming subject to repayment under this section.

261.30 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement  
261.31 for the business, applying the applicable tax extension rates for each payable year and  
261.32 provide a copy to the business and to the taxpayer of record. The business must pay the

262.1 taxes to the county treasurer within 30 days after receipt of the tax statement. The business  
262.2 or the taxpayer of record may appeal the valuation and determination of the property tax to  
262.3 the Tax Court within 30 days after receipt of the tax statement.

262.4 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority  
262.5 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment  
262.6 required under paragraphs (a) and (b). The commissioner may impose civil penalties as  
262.7 provided in chapter 289A, and the additional tax and penalties are subject to interest at the  
262.8 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after  
262.9 becoming subject to repayment under this section until the date the tax is paid. Any penalty  
262.10 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,  
262.11 subdivision 3, to the date of payment of the penalty.

262.12 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the  
262.13 amount required to be repaid to the property taxes assessed against the property for payment  
262.14 in the year following the year in which the auditor provided the statement under paragraph  
262.15 (c).

262.16 (f) For determining the tax required to be repaid, a reduction of a state or local sales or  
262.17 use tax is deemed to have been received on the date that the good or service was purchased  
262.18 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit  
262.19 payable under section 469.318, a reduction of tax is deemed to have been received for the  
262.20 two most recent tax years that have ended prior to the date that the business became subject  
262.21 to repayment under this section. In the case of a property tax, a reduction of tax is deemed  
262.22 to have been received for the taxes payable in the year that the business became subject to  
262.23 repayment under this section and for the taxes payable in the prior year.

262.24 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time  
262.25 within two years after the business becomes subject to repayment under subdivision 1, or  
262.26 within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections  
262.27 289A.38 to 289A.384, whichever period is later. The county auditor may send the statement  
262.28 under paragraph (c) any time within three years after the business becomes subject to  
262.29 repayment under subdivision 1.

262.30 (h) A business is not entitled to any income tax or franchise tax benefits, including  
262.31 refundable credits, for any part of the year in which the business becomes subject to  
262.32 repayment under this section nor for any year thereafter. Property is not exempt from tax  
262.33 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
262.34 in which the property became subject to repayment under this section nor for any year

263.1 thereafter. A business is not eligible for any sales tax benefits beginning with goods or  
263.2 services purchased or first put to a taxable use on the day that the business becomes subject  
263.3 to repayment under this section.

263.4 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
263.5 after December 31, 2017, except that for partnerships that make an election under Code of  
263.6 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
263.7 and applies to the same tax periods to which the election relates.

263.8 Sec. 16. **REPEALER.**

263.9 Minnesota Statutes 2018, section 289A.38, subdivisions 7, 8, and 9, are repealed.

263.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
263.11 after December 31, 2017, except that for partnerships that make an election under Code of  
263.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
263.13 and applies to the same tax periods to which the election relates.

#### 263.14 **ARTICLE 14**

#### 263.15 **DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES**

263.16 Section 1. Minnesota Statutes 2018, section 297A.68, subdivision 17, is amended to read:

263.17 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and  
263.18 rebuilding parts and materials, and lubricants, for the following are exempt:

263.19 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~  
263.20 exempt; and

263.21 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

263.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

263.23 Sec. 2. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

263.24 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology  
263.25 equipment and computer software for use in a qualified data center, or a qualified refurbished  
263.26 data center, are exempt, except that computer software maintenance agreements are exempt  
263.27 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph  
263.28 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,  
263.29 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This  
263.30 exemption includes enterprise information technology equipment and computer software

264.1 purchased to replace or upgrade enterprise information technology equipment and computer  
264.2 software in a qualified data center, or a qualified refurbished data center.

264.3 (b) Electricity used or consumed in the operation of a qualified data center or qualified  
264.4 refurbished data center is exempt.

264.5 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

264.6 (1) that is comprised of one or more buildings that consist in the aggregate of at least  
264.7 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where  
264.8 the total cost of construction or refurbishment, investment in enterprise information  
264.9 technology equipment, and computer software is at least \$30,000,000 within a 48-month  
264.10 period. The 48-month period begins no sooner than July 1, 2012, except that costs for  
264.11 computer software maintenance agreements purchased before July 1, 2013, are not included  
264.12 in determining if the \$30,000,000 threshold has been met;

264.13 (2) that is constructed or substantially refurbished after June 30, 2012, where  
264.14 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or  
264.15 modified, including:

264.16 (i) installation of enterprise information technology equipment; environmental control,  
264.17 computer software, and energy efficiency improvements; and

264.18 (ii) building improvements; and

264.19 (3) that is used to house enterprise information technology equipment, where the facility  
264.20 has the following characteristics:

264.21 (i) uninterruptible power supplies, generator backup power, or both;

264.22 (ii) sophisticated fire suppression and prevention systems; and

264.23 (iii) enhanced security. A facility will be considered to have enhanced security if it has  
264.24 restricted access to the facility to selected personnel; permanent security guards; video  
264.25 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,  
264.26 such as hand scans and retinal or fingerprint recognition; or similar security features.

264.27 In determining whether the facility has the required square footage, the square footage  
264.28 of the following spaces shall be included if the spaces support the operation of enterprise  
264.29 information technology equipment: office space, meeting space, and mechanical and other  
264.30 support facilities. For purposes of this subdivision, "computer software" includes, but is not  
264.31 limited to, software utilized or loaded at a qualified data center or qualified refurbished data  
264.32 center, including maintenance, licensing, and software customization.



265.1 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
265.2 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
265.3 that is comprised of one or more buildings that consist in the aggregate of at least 25,000  
265.4 square feet, and that are located on a single parcel or contiguous parcels, where the total  
265.5 cost of construction or refurbishment, investment in enterprise information technology  
265.6 equipment, and computer software is at least \$50,000,000 within a 24-month period.

265.7 (e) For purposes of this subdivision, "enterprise information technology equipment"  
265.8 means computers and equipment supporting computing, networking, or data storage,  
265.9 including servers and routers. It includes, but is not limited to: cooling systems, cooling  
265.10 towers, and other temperature control infrastructure; power infrastructure for transformation,  
265.11 distribution, or management of electricity used for the maintenance and operation of a  
265.12 qualified data center or qualified refurbished data center, including but not limited to exterior  
265.13 dedicated business-owned substations, backup power generation systems, battery systems,  
265.14 and related infrastructure; and racking systems, cabling, and trays, which are necessary for  
265.15 the maintenance and operation of the qualified data center or qualified refurbished data  
265.16 center.

265.17 (f) A qualified data center or qualified refurbished data center may claim the exemptions  
265.18 in this subdivision for purchases made either within 20 years of the date of its first purchase  
265.19 qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

265.20 (g) The purpose of this exemption is to create jobs in the construction and data center  
265.21 industries.

265.22 (h) This subdivision is effective for sales and purchases made before July 1, 2042.

265.23 (i) The commissioner of employment and economic development must certify to the  
265.24 commissioner of revenue, in a format approved by the commissioner of revenue, when a  
265.25 qualified data center has met the requirements under paragraph (c) or a qualified refurbished  
265.26 data center has met the requirements under paragraph (d). The certification must provide  
265.27 the following information regarding each qualified data center or qualified refurbished data  
265.28 center:

265.29 (1) the total square footage amount;

265.30 (2) the total amount of construction or refurbishment costs and the total amount of  
265.31 qualifying investments in enterprise information technology equipment and computer  
265.32 software; ~~and~~

266.1 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)  
266.2 in which the qualifying expenditures and purchases under clause (2) were made, but in no  
266.3 case shall the period begin before July 1, 2012; and

266.4 (4) the date upon which the qualified data center first met the requirements under  
266.5 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph  
266.6 (d).

266.7 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must  
266.8 not be issued unless the commissioner of revenue has received the certification required  
266.9 under paragraph (i) ~~either from~~ issued by the commissioner of employment and economic  
266.10 development ~~or the qualified data center or qualified refurbished data center claiming the~~  
266.11 ~~refund; and.~~

266.12 (k) The commissioner of employment and economic development must annually notify  
266.13 the commissioner of revenue of the qualified data centers that are projected to meet the  
266.14 requirements under paragraph (c) and the qualified refurbished data centers that are projected  
266.15 to meet the requirements under paragraph (d) in each of the next four years. The notification  
266.16 must provide the information required under paragraph (i), clauses (1) to ~~(3)~~ (4), for each  
266.17 qualified data center or qualified refurbished data center.

266.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

266.19 Sec. 3. Minnesota Statutes 2018, section 297A.68, subdivision 44, is amended to read:

266.20 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible  
266.21 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~  
266.22 are exempt if:

266.23 (1) the commissioner of employment and economic development certifies to the  
266.24 commissioner of revenue, in a format approved by the commissioner of revenue, that the  
266.25 qualified business meets the requirements under section 116J.8738;

266.26 (2) the business subsidy agreement provides that the exemption under this subdivision  
266.27 applies;

266.28 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater  
266.29 Minnesota identified in the business subsidy agreement; and

266.30 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the  
266.31 certification of the business as a qualified business under section 116J.8738 business subsidy  
266.32 agreement.

267.1 (b) Purchase and use of construction materials and supplies used or consumed in, and  
267.2 equipment incorporated into, the construction of improvements to real property in greater  
267.3 Minnesota are exempt if the improvements after completion of construction are to be used  
267.4 in the conduct of the trade or business of the qualified business, ~~as defined in section~~  
267.5 ~~116J.8738~~ and the commissioner of employment and economic development certifies to  
267.6 the commissioner of revenue, in a format approved by the commissioner of revenue, that  
267.7 the qualified business meets the requirements under section 116J.8738. This exemption  
267.8 applies regardless of whether the purchases are made by the business or a contractor.

267.9 (c) The exemptions under this subdivision apply to a local sales and use tax.

267.10 (d) The tax on purchases imposed under this subdivision must be imposed and collected  
267.11 as if the rate under section 297A.62 applied, and then refunded in the manner provided in  
267.12 section 297A.75. The total amount refunded for a facility over the certification period is  
267.13 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000  
267.14 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be  
267.15 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are  
267.16 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and  
267.17 the commissioner of revenue must first allocate refunds to qualified businesses eligible for  
267.18 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for  
267.19 refunds under this paragraph does not cancel and shall be carried forward to and available  
267.20 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for  
267.21 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the  
267.22 amount carried over must be paid on the refund no sooner than from 90 days after July 1  
267.23 of the fiscal year in which funds are available for the eligible claim.

267.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

267.25 Sec. 4. Minnesota Statutes 2018, section 297A.71, subdivision 45, is amended to read:

267.26 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used  
267.27 or consumed in, capital equipment incorporated into, and privately owned infrastructure in  
267.28 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing  
267.29 facility in the state are exempt if the commissioner of employment and economic  
267.30 development certifies to the commissioner of revenue that the following criteria are met:

267.31 (1) the facility is used for the manufacturing of biologics;

267.32 (2) the total capital investment made at the facility exceeds \$50,000,000; and

268.1 (3) the facility creates and maintains at least 190 full-time equivalent positions at the  
268.2 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs  
268.3 that currently exist in Minnesota.

268.4 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,  
268.5 and refunded in the manner provided in section 297A.75.

268.6 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility  
268.7 must:

268.8 (1) initially apply to the ~~Department~~ commissioner of employment and economic  
268.9 development for certification no later than one year from the final completion date of  
268.10 construction, improvement, or expansion of the facility; and

268.11 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies  
268.12 for a refund, the ~~owner~~ commissioner of revenue must have received written certification  
268.13 from the ~~Department~~ commissioner of employment and economic development that the  
268.14 facility has met the criteria of paragraph (a).

268.15 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund  
268.16 payable to date, with the commissioner making annual payments of the remaining refund  
268.17 until all of the refund has been paid.

268.18 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are  
268.19 interchangeable and mean medical drugs or medicinal preparations produced using  
268.20 technology that uses biological systems, living organisms, or derivatives of living organisms  
268.21 to make or modify products or processes for specific use. The medical drugs or medicinal  
268.22 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

268.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

268.24 Sec. 5. Minnesota Statutes 2018, section 297A.77, is amended by adding a subdivision to  
268.25 read:

268.26 **Subd. 5. Records must be kept.** Every person liable for any tax imposed by this chapter,  
268.27 or for the collection thereof, shall keep such records, render such statements, make such  
268.28 returns, and comply with such rules, as the commissioner may from time to time prescribe.

268.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

269.1

**ARTICLE 15**

269.2

**MINNESOTACARE; TECHNICAL CHANGES**

269.3 Section 1. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision  
269.4 to read:

269.5 Subd. 2b. **Emergency medical reasons.** "Emergency medical reasons" means a public  
269.6 health emergency declaration pursuant to United States Code, title 42, section 247d; a  
269.7 national security or peacetime emergency declared by the governor pursuant to section  
269.8 12.31; or a situation involving an action by the commissioner of health pursuant to section  
269.9 144.4197, 144.4198, or 151.37, subdivisions 2, paragraph (b), and 10, except that, for  
269.10 purposes of this subdivision, a drug shortage not caused by a public health emergency shall  
269.11 not constitute an emergency medical reason.

269.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

269.13 Sec. 2. Minnesota Statutes 2018, section 295.50, subdivision 3, is amended to read:

269.14 Subd. 3. **Gross revenues.** "Gross revenues" are total amounts received in money or  
269.15 otherwise by:

269.16 (1) a hospital for patient services;

269.17 (2) a surgical center for patient services;

269.18 (3) a health care provider, other than a staff model health ~~carrier~~ plan company, for  
269.19 patient services;

269.20 (4) a wholesale drug distributor for sale or distribution of legend drugs that are delivered  
269.21 in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the  
269.22 legend drugs are delivered to another wholesale drug distributor who sells legend drugs  
269.23 exclusively at wholesale. ~~Legend drugs do not include nutritional products as defined in~~  
269.24 ~~Minnesota Rules, part 9505.0325, and blood and blood components; and~~

269.25 (5) a staff model health plan company as gross premiums for enrollees, co-payments,  
269.26 deductibles, coinsurance, and fees for patient services.

269.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

269.28 Sec. 3. Minnesota Statutes 2018, section 295.50, subdivision 4, is amended to read:

269.29 Subd. 4. **Health care provider.** (a) "Health care provider" means:

270.1 (1) a person whose health care occupation is regulated or required to be regulated by  
270.2 the state of Minnesota furnishing any or all of the following goods or services directly to a  
270.3 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,  
270.4 drugs, laboratory, diagnostic or therapeutic services;

270.5 (2) a person who provides goods and services not listed in clause (1) that qualify for  
270.6 reimbursement under the medical assistance program provided under chapter 256B;

270.7 (3) a staff model health plan company;

270.8 (4) an ambulance service required to be licensed; ~~or~~

270.9 (5) a person who sells or repairs hearing aids and related equipment or prescription  
270.10 eyewear; or

270.11 (6) a person providing patient services, who does not otherwise meet the definition of  
270.12 health care provider and is not specifically excluded in clause (b), who employs or contracts  
270.13 with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise  
270.14 oversee, or consult with regarding patient services.

270.15 (b) Health care provider does not include:

270.16 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),  
270.17 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;  
270.18 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,  
270.19 or any other providers of transportation services other than ambulance services required to  
270.20 be licensed; supervised living facilities for persons with developmental disabilities, licensed  
270.21 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments  
270.22 required to be registered under chapter 144D; board and lodging establishments providing  
270.23 only custodial services that are licensed under chapter 157 and registered under section  
270.24 157.17 to provide supportive services or health supervision services; adult foster homes as  
270.25 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults  
270.26 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care  
270.27 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined  
270.28 in Minnesota Rules, part 9555.9600;

270.29 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a  
270.30 person providing personal care services and supervision of personal care services as defined  
270.31 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as  
270.32 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed  
270.33 under chapter 144A for home care services provided under chapter 144A;

271.1 (3) a person who employs health care providers solely for the purpose of providing  
271.2 patient services to its employees;

271.3 (4) an educational institution that employs health care providers solely for the purpose  
271.4 of providing patient services to its students if the institution does not receive fee for service  
271.5 payments or payments for extended coverage; and

271.6 (5) a person who receives all payments for patient services from health care providers,  
271.7 surgical centers, or hospitals for goods and services that are taxable to the paying health  
271.8 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision  
271.9 1, paragraph (b), clause (3) or (4), or from a source of funds that is exempt from tax under  
271.10 this chapter.

271.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

271.12 Sec. 4. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
271.13 read:

271.14 Subd. 7a. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01,  
271.15 subdivision 14a.

271.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

271.17 Sec. 5. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

271.18 Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services  
271.19 and other goods and services provided by hospitals, surgical centers, or health care providers.  
271.20 They include the following health care goods and services provided to a patient or consumer:

271.21 (1) bed and board;

271.22 (2) nursing services and other related services;

271.23 (3) use of hospitals, surgical centers, or health care provider facilities;

271.24 (4) medical social services;

271.25 (5) drugs, biologicals, supplies, appliances, and equipment;

271.26 (6) other diagnostic or therapeutic items or services;

271.27 (7) medical or surgical services;

271.28 (8) items and services furnished to ambulatory patients not requiring emergency care;

271.29 and

272.1 (9) emergency services.

272.2 (b) "Patient services" does not include:

272.3 (1) services provided to nursing homes licensed under chapter 144A;

272.4 (2) examinations for purposes of utilization reviews, insurance claims or eligibility,  
272.5 litigation, and employment, including reviews of medical records for those purposes;

272.6 (3) services provided to and by community residential mental health facilities licensed  
272.7 under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment  
272.8 programs for children with severe emotional disturbance licensed or certified under chapter  
272.9 245A;

272.10 (4) ~~services provided to and by community support programs and family community~~  
272.11 ~~support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or~~  
272.12 ~~certified as mental health rehabilitative services under chapter 256B; under the following~~  
272.13 programs: day treatment services as defined in section 245.462, subdivision 8; assertive  
272.14 community treatment as described in section 256B.0622; adult rehabilitative mental health  
272.15 services as described in section 256B.0623; adult crisis response services as described in  
272.16 section 256B.0624; children's therapeutic services and supports as described in section  
272.17 256B.0943; and children's mental health crisis response services as described in section  
272.18 256B.0944;

272.19 (5) services provided to and by community mental health centers as defined in section  
272.20 245.62, subdivision 2;

272.21 (6) services provided to and by assisted living programs and congregate housing  
272.22 programs;

272.23 (7) hospice care services;

272.24 (8) home and community-based waived services under sections 256B.0915, 256B.49,  
272.25 and 256B.501;

272.26 (9) targeted case management services under sections 256B.0621; 256B.0625,  
272.27 subdivisions 20, 20a, 33, and 44; and 256B.094; and

272.28 (10) services provided to the following: supervised living facilities for persons with  
272.29 developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;  
272.30 housing with services establishments required to be registered under chapter 144D; board  
272.31 and lodging establishments providing only custodial services that are licensed under chapter  
272.32 157 and registered under section 157.17 to provide supportive services or health supervision



273.1 services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training  
273.2 and habilitation services for adults with developmental disabilities as defined in section  
273.3 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100;  
273.4 adult day care services as defined in section 245A.02, subdivision 2a; and home health  
273.5 agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under  
273.6 chapter 144A.

273.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

273.8 Sec. 6. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
273.9 read:

273.10 **Subd. 10c. Pharmacy benefits manager.** "Pharmacy benefits manager" means an entity  
273.11 that performs pharmacy benefits management.

273.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

273.13 Sec. 7. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
273.14 read:

273.15 **Subd. 13a. Third-party purchaser of health care services.** "Third-party purchaser of  
273.16 health care services" includes but is not limited to a health carrier or community integrated  
273.17 service network that pays for health care services on behalf of patients or that reimburses,  
273.18 indemnifies, compensates, or otherwise insures patients for health care services.

273.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

273.20 Sec. 8. Minnesota Statutes 2018, section 295.50, subdivision 14, is amended to read:

273.21 **Subd. 14. Wholesale drug distributor.** "Wholesale drug distributor" means a ~~wholesale~~  
273.22 ~~drug distributor required to be licensed under sections 151.42 to 151.51.~~ any person engaged  
273.23 in wholesale drug distribution including but not limited to manufacturers; repackagers;  
273.24 own-label distributors; jobbers; brokers; warehouses, including manufacturers' and  
273.25 distributors' warehouses, chain drug warehouses, and wholesale drug warehouses;  
273.26 independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution.  
273.27 A wholesale drug distributor does not include a common carrier or individual hired primarily  
273.28 to transport legend drugs.

273.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

274.1 Sec. 9. Minnesota Statutes 2018, section 295.50, subdivision 15, is amended to read:

274.2 Subd. 15. **Legend drug.** "Legend drug" means a drug that is required by federal law to  
274.3 bear one of the following statements: "Caution: Federal law prohibits dispensing without  
274.4 prescription" or "Rx only." Legend drugs do not include nutritional products as defined in  
274.5 Minnesota Rules, part 9505.0325, subpart 1, and blood and blood components.

274.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

274.7 Sec. 10. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to  
274.8 read:

274.9 Subd. 16. **Wholesale drug distribution.** "Wholesale drug distribution" means the sale  
274.10 or distribution of legend drugs to a person other than a consumer or patient, but does not  
274.11 include:

274.12 (1) a sale between a division, subsidiary, parent, affiliated, or related company under  
274.13 the common ownership and control of a corporate entity;

274.14 (2) the purchase or other acquisition, by a hospital or other health care entity that is a  
274.15 member of a group purchasing organization, of a legend drug for its own use from the  
274.16 organization or from other hospitals or health care entities that are members of such  
274.17 organizations;

274.18 (3) the sale, purchase, or trade of a legend drug by a charitable organization described  
274.19 in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December  
274.20 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by  
274.21 law;

274.22 (4) the sale, purchase, or trade of a legend drug among hospitals or other health care  
274.23 entities that are under common control;

274.24 (5) the sale, purchase, or trade of a legend drug for emergency medical reasons;

274.25 (6) the transfer of legend drugs by a retail pharmacy to another retail pharmacy to alleviate  
274.26 a temporary shortage; or

274.27 (7) the distribution of legend drug samples by manufacturer representatives.

274.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

275.1 Sec. 11. Minnesota Statutes 2018, section 295.53, subdivision 1, is amended to read:

275.2 Subdivision 1. **Exclusions and Exemptions.** (a) The following payments are excluded  
275.3 from the gross revenues subject to the hospital, surgical center, or health care provider taxes  
275.4 under sections 295.50 to 295.59:

275.5 ~~(1) payments received for services provided under the Medicare program, including~~  
275.6 ~~payments received from the government, and organizations governed by sections 1833 and~~  
275.7 ~~1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section~~  
275.8 ~~1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare~~  
275.9 ~~enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision~~  
275.10 ~~3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act.~~  
275.11 ~~Payments for services not covered by Medicare are taxable;~~

275.12 ~~(2) payments received for home health care services;~~

275.13 ~~(3) payments received from hospitals or surgical centers for goods and services on which~~  
275.14 ~~liability for tax is imposed under section 295.52 or the source of funds for the payment is~~  
275.15 ~~exempt under clause (1), (7), (10), or (14);~~

275.16 ~~(4) payments received from health care providers for goods and services on which~~  
275.17 ~~liability for tax is imposed under this chapter or the source of funds for the payment is~~  
275.18 ~~exempt under clause (1), (7), (10), or (14);~~

275.19 ~~(5) amounts paid for legend drugs, other than nutritional products and blood and blood~~  
275.20 ~~components, to a wholesale drug distributor who is subject to tax under section 295.52,~~  
275.21 ~~subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt~~  
275.22 ~~under this chapter;~~

275.23 ~~(6)~~ (1) payments received by a health care provider or the wholly owned subsidiary of  
275.24 a health care provider for care provided outside Minnesota;

275.25 ~~(7) payments received from the chemical dependency fund under chapter 254B;~~

275.26 ~~(8) payments received in the nature of charitable donations that are not designated for~~  
275.27 ~~providing patient services to a specific individual or group;~~

275.28 (9) payments received for providing patient services incurred through a formal program  
275.29 of health care research conducted in conformity with federal regulations governing research  
275.30 on human subjects. Payments received from patients or from other persons paying on behalf  
275.31 of the patients are subject to tax;

276.1 ~~(10) payments received from any governmental agency for services benefiting the public;~~  
276.2 ~~not including payments made by the government in its capacity as an employer or insurer~~  
276.3 ~~or payments made by the government for services provided under the MinnesotaCare~~  
276.4 ~~program or the medical assistance program governed by title XIX of the federal Social~~  
276.5 ~~Security Act, United States Code, title 42, sections 1396 to 1396v;~~

276.6 ~~(11) (2) government payments received by the commissioner of human services for~~  
276.7 ~~state-operated services;~~

276.8 ~~(12) (3) payments received by a health care provider for hearing aids and related~~  
276.9 ~~equipment or prescription eyewear delivered outside of Minnesota; and~~

276.10 ~~(13) (4) payments received by an educational institution from student tuition, student~~  
276.11 ~~activity fees, health care service fees, government appropriations, donations, or grants, and~~  
276.12 ~~for services identified in and provided under an individualized education program as defined~~  
276.13 ~~in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee~~  
276.14 ~~for service payments and payments for extended coverage are taxable;~~

276.15 ~~(14) payments received under the federal Employees Health Benefits Act, United States~~  
276.16 ~~Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.~~  
276.17 ~~Enrollee deductibles, coinsurance, and co-payments are subject to tax; and~~

276.18 ~~(15) payments received under the federal Tricare program, Code of Federal Regulations,~~  
276.19 ~~title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject~~  
276.20 ~~to tax.~~

276.21 (b) The following payments are exempted from the gross revenues subject to hospital,  
276.22 surgical center, or health care provider taxes under sections 295.50 to 295.59:

276.23 (1) payments received for services provided under the Medicare program, including  
276.24 payments received from the government and organizations governed by sections 1833,  
276.25 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title  
276.26 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid  
276.27 by the Medicare enrollee, by Medicare supplemental coverage as described in section  
276.28 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal  
276.29 Social Security Act. Payments for services not covered by Medicare are taxable;

276.30 (2) payments received for home health care services;

276.31 (3) payments received from hospitals or surgical centers for goods and services on which  
276.32 liability for tax is imposed under section 295.52 or the source of funds for the payment is  
276.33 exempt under clauses (1), (6), (9), (10), or (11);

277.1 (4) payments received from the health care providers for goods and services on which  
277.2 liability for tax is imposed under this chapter or the source of funds for the payment is  
277.3 exempt under clause (1), (6), (9), (10), or (11);

277.4 (5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax  
277.5 under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs  
277.6 otherwise exempt under this chapter;

277.7 (6) payments received from the chemical dependency fund under chapter 254B;

277.8 (7) payments received in the nature of charitable donations that are not designated for  
277.9 providing patient services to a specific individual or group;

277.10 (8) payments received for providing patient services incurred through a formal program  
277.11 of health care research conducted in conformity with federal regulations governing research  
277.12 on human subjects. Payments received from patients or from other persons paying on behalf  
277.13 of the patients are subject to tax;

277.14 (9) payments received from any governmental agency for services benefiting the public,  
277.15 not including payments made by the government in its capacity as an employer or insurer  
277.16 or payments made by the government for services provided under the MinnesotaCare  
277.17 program or the medical assistance program governed by title XIX of the federal Social  
277.18 Security Act, United States Code, title 42, section 1396 to 1396v;

277.19 (10) payments received under the federal Employees Health Benefits Act, United States  
277.20 Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.  
277.21 Enrollee deductibles, co-insurance, and co-payments are subject to tax;

277.22 (11) payments received under the federal Tricare program, Code of Federal Regulations,  
277.23 title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are  
277.24 subject to tax; and

277.25 (12) supplemental or enhanced payments authorized under section 256B.196 or 256B.197.

277.26 ~~(b)~~ (c) Payments received by wholesale drug distributors for legend drugs sold directly  
277.27 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross  
277.28 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

277.29 ~~(e) Supplemental or enhanced payments authorized under section 256B.19, subdivision~~  
277.30 ~~1e, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections~~  
277.31 ~~295.50 to 295.59.~~

277.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

278.1 Sec. 12. Minnesota Statutes 2018, section 295.57, subdivision 5, is amended to read:

278.2 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical center,  
278.3 or health care provider cannot determine the actual cost or reimbursement of legend drugs  
278.4 under the exemption provided in section 295.53, subdivision 1, paragraph ~~(a)~~ (b), clause  
278.5 (5), the following method must be used:

278.6 A hospital, surgical center, or health care provider must determine the amount paid for  
278.7 legend drugs used during the month or quarter and multiply that amount by a ratio, the  
278.8 numerator of which is the total amount received for taxable patient services, and the  
278.9 denominator of which is the total amount received for all patient services, including amounts  
278.10 exempt under section 295.53, subdivision 1, paragraph (b). The result represents the allowable  
278.11 exemption for the monthly or quarterly cost of drugs.

278.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

278.13 Sec. 13. Minnesota Statutes 2018, section 295.582, subdivision 1, is amended to read:

278.14 Subdivision 1. **Tax expense transfer.** ~~(a) A hospital, surgical center, or health care~~  
278.15 ~~provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional~~  
278.16 ~~expense transferred under this section by a wholesale drug distributor, may transfer additional~~  
278.17 ~~expense generated by section 295.52 obligations on to all third-party contracts for the~~  
278.18 ~~purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit~~  
278.19 ~~a pharmacy from transferring the additional expense generated under section 295.52 to a~~  
278.20 ~~pharmacy benefits manager. The additional expense transferred to the third-party purchaser~~  
278.21 ~~or a pharmacy benefits manager must not exceed the tax percentage specified in section~~  
278.22 ~~295.52 multiplied against the gross revenues received under the third-party contract, and~~  
278.23 ~~the tax percentage specified in section 295.52 multiplied against co-payments and deductibles~~  
278.24 ~~paid by the individual patient or consumer. The expense must not be generated on revenues~~  
278.25 ~~derived from payments that are excluded from the tax under section 295.53. All third-party~~  
278.26 ~~purchasers of health care services including, but not limited to, third-party purchasers~~  
278.27 ~~regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or~~  
278.28 ~~under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred~~  
278.29 ~~expense in addition to any payments due under existing contracts with the hospital, surgical~~  
278.30 ~~center, pharmacy, or health care provider, to the extent allowed under federal law. A~~  
278.31 ~~third-party purchaser of health care services includes, but is not limited to, a health carrier~~  
278.32 ~~or community integrated service network that pays for health care services on behalf of~~  
278.33 ~~patients or that reimburses, indemnifies, compensates, or otherwise insures patients for~~  
278.34 ~~health care services. For purposes of this section, a pharmacy benefits manager means an~~

279.1 ~~entity that performs pharmacy benefits management. A third-party purchaser or pharmacy~~  
279.2 ~~benefits manager shall comply with this section regardless of whether the third-party~~  
279.3 ~~purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.~~  
279.4 ~~A wholesale drug distributor may transfer additional expense generated by section 295.52~~  
279.5 ~~obligations to entities that purchase from the wholesaler, and the entities must pay the~~  
279.6 ~~additional expense. Nothing in this section limits the ability of a hospital, surgical center,~~  
279.7 ~~pharmacy, wholesale drug distributor, or health care provider to recover all or part of the~~  
279.8 ~~section 295.52 obligation by other methods, including increasing fees or charges.~~

279.9 (a) The tax expense generated by section 295.52 may be transferred as follows:

279.10 (1) a hospital, surgical center, or health care provider subject to the tax under section  
279.11 295.52 may transfer the tax expense to all third-party contracts for the purchase of health  
279.12 care services on behalf of a patient or consumer;

279.13 (2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the  
279.14 tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

279.15 (3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor  
279.16 may transfer the tax expense to all third-party contracts for the purchase of health care  
279.17 services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from  
279.18 transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

279.19 (b) The transfer of the tax expense under paragraph (a) must comply with the following:

279.20 (1) the tax expense transferred to the third-party purchaser or a pharmacy benefits  
279.21 manager must not exceed the tax percentage specified in section 295.52 multiplied against:

279.22 (i) gross revenues received under the third-party contract; and

279.23 (ii) co-payments and deductibles paid by the individual patient or consumer; and

279.24 (2) the tax expense must not be generated on revenues derived from payments that are  
279.25 excluded or exempted from the tax under section 295.53.

279.26 (c) Payment of the transferred tax expense is required as follows:

279.27 (1) all third-party purchasers of health care services, including but not limited to  
279.28 third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A,  
279.29 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must  
279.30 pay the transferred expense. This is in addition to any payments due under existing contracts  
279.31 with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed  
279.32 under federal law; and

280.1 (2) all entities that purchase legend drugs from a wholesale drug distributor must pay  
280.2 the transferred expense.

280.3 (d) A third-party purchaser or pharmacy benefits manager must comply with this section  
280.4 regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit,  
280.5 not-for-profit, or nonprofit entity.

280.6 (e) Nothing in this section limits the ability of a hospital, surgical center, health care  
280.7 provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52  
280.8 obligation by other methods, including increasing fees or charges.

280.9 ~~(b)~~ (f) Any hospital, surgical center, or health care provider subject to a tax under section  
280.10 295.52 or a pharmacy that has paid the additional expense transferred under this section by  
280.11 a wholesale drug distributor may file a complaint with the commissioner responsible for  
280.12 regulating the third-party purchaser if at any time the third-party purchaser fails to comply  
280.13 with ~~paragraph (a)~~ this section.

280.14 ~~(e)~~ (g) If the commissioner responsible for regulating the third-party purchaser finds at  
280.15 any time that the third-party purchaser has not complied with ~~paragraph (a)~~ this section, the  
280.16 commissioner may take enforcement action against a third-party purchaser which is subject  
280.17 to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical  
280.18 center, pharmacy, or provider to pass-through the tax expense. The commissioner may by  
280.19 order fine or censure the third-party purchaser or revoke or suspend the certificate of authority  
280.20 or license of the third-party purchaser to do business in this state if the commissioner finds  
280.21 that the third-party purchaser has not complied with this section. The third-party purchaser  
280.22 may appeal the commissioner's order through a contested case hearing in accordance with  
280.23 chapter 14.

280.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## 280.25 **ARTICLE 16**

### 280.26 **PROPERTY TAX POLICY**

280.27 Section 1. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

280.28 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner  
280.29 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to  
280.30 the commissioner of revenue the amounts to be paid.

280.31 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the  
280.32 commissioner of revenue shall distribute the specified funds to cities in the same manner



281.1 as local government aid under chapter 477A. An appropriation to the commissioner of  
281.2 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes  
281.3 specified in this paragraph.

281.4 (c) Notwithstanding other law to the contrary, in order to receive distributions under  
281.5 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city  
281.6 that receives funds under this section must make and preserve records necessary to show  
281.7 that the funds are spent in compliance with subdivision 4.

281.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

281.9 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 13, is amended to read:

281.10 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements  
281.11 under subdivision 1 must file a homestead application with the county assessor to initially  
281.12 obtain homestead classification.

281.13 (b) The commissioner shall prescribe the content, format, and manner of the homestead  
281.14 application required to be filed under this chapter pursuant to section 270C.30. The  
281.15 application must clearly inform the taxpayer that this application must be signed by all  
281.16 owners who occupy the property or by the qualifying relative and returned to the county  
281.17 assessor in order for the property to receive homestead treatment.

281.18 (c) Every property owner applying for homestead classification must furnish to the  
281.19 county assessor the Social Security number of each occupant who is listed as an owner of  
281.20 the property on the deed of record, the name and address of each owner who does not occupy  
281.21 the property, and the name and Social Security number of ~~each owner's~~ the spouse of each  
281.22 occupying owner. The application must be signed by each owner who occupies the property  
281.23 and by each owner's spouse who occupies the property, or, in the case of property that  
281.24 qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

281.25 If a property owner occupies a homestead, the property owner's spouse may not claim  
281.26 another property as a homestead unless the property owner and the property owner's spouse  
281.27 file with the assessor an affidavit or other proof required by the assessor stating that the  
281.28 property qualifies as a homestead under subdivision 1, paragraph (e).

281.29 Owners or spouses occupying residences owned by their spouses and previously occupied  
281.30 with the other spouse, either of whom fail to include the other spouse's name and Social  
281.31 Security number on the homestead application or provide the affidavits or other proof  
281.32 requested, will be deemed to have elected to receive only partial homestead treatment of  
281.33 their residence. The remainder of the residence will be classified as nonhomestead residential.

282.1 When an owner or spouse's name and Social Security number appear on homestead  
282.2 applications for two separate residences and only one application is signed, the owner or  
282.3 spouse will be deemed to have elected to homestead the residence for which the application  
282.4 was signed.

282.5 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
282.6 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
282.7 the property to receive homestead status, a homestead application must be filed with the  
282.8 assessor. The Social Security number of each relative occupying the property and the name  
282.9 and Social Security number of the spouse of a relative occupying the property shall be  
282.10 required on the homestead application filed under this subdivision. If a different relative of  
282.11 the owner subsequently occupies the property, the owner of the property must notify the  
282.12 assessor within 30 days of the change in occupancy. The Social Security number of a relative  
282.13 occupying the property or the spouse of a relative occupying the property is private data on  
282.14 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
282.15 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
282.16 Act to recover personal property taxes owing, to the county treasurer.

282.17 (e) The homestead application shall also notify the property owners that if the property  
282.18 is granted homestead status for any assessment year, that same property shall remain  
282.19 classified as homestead until the property is sold or transferred to another person, or the  
282.20 owners, the spouse of the owner, or the relatives no longer use the property as their  
282.21 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
282.22 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
282.23 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
282.24 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
282.25 shall result in the penalty provided under this subdivision and the property will lose its  
282.26 current homestead status.

282.27 (f) If a homestead application has not been filed with the county by December 15, the  
282.28 assessor shall classify the property as nonhomestead for the current assessment year for  
282.29 taxes payable in the following year, provided that the owner may be entitled to receive the  
282.30 homestead classification by proper application under section 375.192.

282.31 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
282.32 2020 and thereafter.

## ARTICLE 17

## FIRE STATE AID; TECHNICAL CHANGES

Section 1. [477B.01] DEFINITIONS.

Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423A and 424A, have the meanings given to them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

Subd. 3. **Company or insurance company.** "Company" or "insurance company" has the meaning given in section 60A.02, subdivision 4.

Subd. 4. **Estimated market value.** "Estimated market value" has the meaning given in section 272.03, subdivision 14.

Subd. 5. **Fire department.** "Fire department" includes a municipal fire department and an independent nonprofit firefighting corporation.

Subd. 6. **Fire department service area.** "Fire department service area" means the area serviced by a qualifying fire department that meets the requirements of section 477B.02.

Subd. 7. **Independent nonprofit firefighting corporation.** "Independent nonprofit firefighting corporation" means an independent nonprofit firefighting corporation that meets the criteria in section 424A.094, subdivision 1, paragraph (a).

Subd. 8. **Minnesota Fire Premium Report.** "Minnesota Fire Premium Report" means a form for reporting by insurance companies of (1) gross direct fire, lightning, sprinkler leakage, and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends, and (2) other facts that the commissioner may require.

Subd. 9. **Municipal clerk.** "Municipal clerk" means the person elected or appointed to the position of municipal clerk or, if there is no such person, the chief financial official, the chief administrative official, or the person primarily responsible for managing the finances of a municipality.

Subd. 10. **Municipality.** (a) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

284.1 (4) the University of Minnesota; and

284.2 (5) an American Indian tribal government entity located within a federally recognized  
284.3 American Indian reservation.

284.4 (b) This subdivision only applies to chapter 477B.

284.5 Subd. 11. **Secretary.** "Secretary" means the secretary of an independent nonprofit  
284.6 firefighting corporation that has a subsidiary incorporated firefighters' relief association or  
284.7 whose firefighters participate in the voluntary statewide volunteer firefighter retirement  
284.8 plan.

284.9 Subd. 12. **Voluntary statewide volunteer firefighter retirement plan.** "Voluntary  
284.10 statewide volunteer firefighter retirement plan" means the retirement plan established under  
284.11 chapter 353G.

284.12 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

284.13 Sec. 2. **[477B.02] QUALIFYING FOR FIRE STATE AID.**

284.14 Subdivision 1. **Qualifications for fire state aid.** A municipality or independent nonprofit  
284.15 firefighting corporation qualifies to receive fire state aid if all the requirements of this section  
284.16 are met.

284.17 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting  
284.18 corporation must be created under the nonprofit corporation act of this state operating for  
284.19 the exclusive purpose of firefighting, or the governing body of a municipality must officially  
284.20 establish a fire department.

284.21 (b) The fire department must have provided firefighting services for at least one calendar  
284.22 year.

284.23 Subd. 3. **Personnel and benefits requirements.** (a) A fire department must have a  
284.24 minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

284.25 (b) The fire department must have regular scheduled meetings and frequent drills that  
284.26 include instructions in firefighting tactics and in the use, care, and operation of all fire  
284.27 apparatus and equipment.

284.28 (c) The fire department must have a separate subsidiary incorporated firefighters' relief  
284.29 association that provides retirement benefits or must participate in the voluntary statewide  
284.30 volunteer firefighter retirement plan; or if the municipality solely employs full-time  
284.31 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be  
284.32 provided by the public employees police and fire retirement plan.

285.1 (d) Notwithstanding paragraph (c), a municipality without a relief association as described  
285.2 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other  
285.3 requirements of this section are met.

285.4 Subd. 4. **Equipment requirements.** The fire department must have all of the following  
285.5 equipment, or the equivalent as determined by the state fire marshal, by December 31 of  
285.6 the year preceding the certification required in subdivision 8:

285.7 (1) a motorized fire truck equipped with:

285.8 (i) a motorized pump;

285.9 (ii) a 250-gallon or larger water tank;

285.10 (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and  
285.11 straight stream nozzles;

285.12 (iv) five-gallon hand pumps - tank extinguisher or equivalent;

285.13 (v) a dry chemical extinguisher or equivalent;

285.14 (vi) ladders;

285.15 (vii) extension ladders;

285.16 (viii) pike poles;

285.17 (ix) crowbars;

285.18 (x) axes;

285.19 (xi) lanterns; and

285.20 (xii) fire coats, helmets, and boots;

285.21 (2) the items in clause (1) suitably housed in a building of good construction with facilities  
285.22 for care of hoses and equipment;

285.23 (3) a reliable and adequate method of receiving fire alarms by telephone or with electric  
285.24 siren and suitable means of sounding an alarm; and

285.25 (4) if response is to be provided outside the corporate limits of the municipality where  
285.26 the fire department is located, another piece of motorized apparatus to make the response.

285.27 Subd. 5. **Fire service contract or agreement; apportionment agreement filing**  
285.28 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must  
285.29 file a copy of any duly executed and valid fire service contract or agreement with the  
285.30 commissioner.

286.1 (b) If more than one fire department provides service to a municipality, the fire  
286.2 departments furnishing service must enter into an agreement apportioning among themselves  
286.3 the percentage of the population and the percentage of the estimated market value of each  
286.4 shared service fire department service area. The agreement must be in writing and must be  
286.5 filed with the commissioner.

286.6 Subd. 6. **Compliance with rules.** The fire department must meet all other requirements  
286.7 that the commissioner establishes by rule.

286.8 Subd. 7. **Financial reporting requirements.** The financial reporting requirements of  
286.9 section 424A.014 must be satisfied.

286.10 Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, if  
286.11 retirement coverage for a fire department is provided by the voluntary statewide volunteer  
286.12 firefighter retirement plan, the executive director of the Public Employees Retirement  
286.13 Association must certify the existence of retirement coverage.

286.14 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of  
286.15 each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the  
286.16 commissioner that the fire department exists and meets the qualification requirements of  
286.17 this section. The certification must be on a form prescribed by the commissioner and must  
286.18 include all other information that the commissioner requires.

286.19 Subd. 10. **Penalty for failure to file certification.** (a) If the certification under  
286.20 subdivision 9 is not filed with the commissioner on or before March 15, the commissioner  
286.21 must notify the municipal clerk or the secretary that a penalty equal to a portion or all of  
286.22 the current year aid will apply if the certification is not received within ten days of the  
286.23 postmark date of the notification.

286.24 (b) The penalty for failure to file the certification under subdivision 9 is equal to the  
286.25 amount of fire state aid determined for the municipality or the independent nonprofit  
286.26 firefighting corporation for the current year, multiplied by five percent for each week or  
286.27 fraction of a week that the certification is late. The penalty must be computed beginning  
286.28 ten days after the postmark date of the commissioner's notification. Aid amounts forfeited  
286.29 as a result of the penalty revert to the state general fund. Failure to receive the certification  
286.30 form is not a defense for a failure to file.

286.31 Subd. 11. **Determination by commissioner.** The commissioner must determine which  
286.32 municipalities and independent nonprofit firefighting corporations are qualified to receive  
286.33 fire state aid directly or are qualified to receive the benefit of fire state aid paid to the  
286.34 voluntary statewide volunteer firefighter retirement plan based on compliance with the

287.1 requirements of this section and the financial compliance report required under section  
287.2 6.495, subdivision 3, if applicable. The commissioner may take into account any other  
287.3 relevant information that comes to the attention of the commissioner when making the  
287.4 determination.

287.5 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

287.6 **Sec. 3. [477B.03] CALCULATION OF FIRE STATE AID; APPEAL.**

287.7 Subdivision 1. **Certification and calculation of fire state aid.** (a) On or before October  
287.8 1, the commissioner must calculate the amount of fire state aid that each municipality or  
287.9 independent nonprofit firefighting corporation is to receive.

287.10 (b) The commissioner must calculate an initial fire state aid allocation amount for each  
287.11 municipality or independent nonprofit firefighting corporation under subdivision 4 and, if  
287.12 applicable, a minimum fire state aid allocation amount for each municipality or independent  
287.13 nonprofit firefighting corporation under subdivision 5. The municipality or independent  
287.14 nonprofit firefighting corporation must be apportioned the greater of the amounts calculated  
287.15 under subdivisions 4 and 5.

287.16 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for  
287.17 apportionment, before the addition of the minimum fire state aid allocation amount under  
287.18 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon  
287.19 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the  
287.20 commissioner by companies or insurance companies on the Minnesota Fire Premium Report.  
287.21 This amount must be reduced by the amount required to pay the state auditor's costs and  
287.22 expenses of the audits or exams of the firefighters' relief associations.

287.23 (b) The total amount available for apportionment must not be less than two percent of  
287.24 the premiums less return premiums reported to the commissioner by companies or insurance  
287.25 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

287.26 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
287.27 exams of the firefighters' relief associations; and

287.28 (2) one percent of the premiums reported by township mutual insurance companies and  
287.29 mutual property and casualty companies with total assets of \$5,000,000 or less.

287.30 (c) The commissioner must apportion the fire state aid to each municipality or independent  
287.31 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums  
287.32 reported on the Minnesota Fire Premium Reports filed under this chapter.

288.1 (d) The commissioner must calculate the percentage of increase or decrease reflected in  
288.2 the apportionment over or under the previous year's available state aid using the same  
288.3 premiums as a basis for comparison.

288.4 Subd. 3. **Population and estimated market value.** (a) Official statewide federal census  
288.5 figures must be used in calculations requiring the use of population figures under this chapter.  
288.6 Increases or decreases in population disclosed by reason of any special census must not be  
288.7 taken into consideration.

288.8 (b) The latest available estimated market value property figures must be used in  
288.9 calculations requiring the use of estimated market value property figures under this chapter.

288.10 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
288.11 amount is the amount available for apportionment as fire state aid under subdivision 2,  
288.12 without the inclusion of any additional funding amount to support a minimum fire state aid  
288.13 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount  
288.14 is allocated one-half in proportion to the population for each fire department service area  
288.15 and one-half in proportion to the estimated market value of each fire department service  
288.16 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
288.17 market value of natural resources lands receiving in lieu payments under sections 477A.11  
288.18 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

288.19 (b) In the case of a municipality or independent nonprofit firefighting corporation  
288.20 furnishing fire protection to other municipalities as evidenced by valid fire service contracts  
288.21 filed with the commissioner under section 477B.02, subdivision 5, the distribution must be  
288.22 adjusted proportionately to take into consideration the crossover fire protection service.  
288.23 Necessary adjustments must be made to subsequent apportionments.

288.24 (c) In the case of municipalities or independent nonprofit firefighting corporations  
288.25 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
288.26 independent nonprofit firefighting corporation on the basis of the population and the estimated  
288.27 market value of the area furnished fire protection service by the fire department as evidenced  
288.28 by fire service agreements filed with the commissioner under section 477B.02, subdivision  
288.29 5.

288.30 (d) In the case of more than one fire department furnishing contracted fire service to a  
288.31 municipality, the population and estimated market value in the apportionment agreement  
288.32 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating  
288.33 the state aid.



289.1 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid  
289.2 allocation amount is the amount derived from any additional funding amount to support a  
289.3 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire  
289.4 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting  
289.5 corporations with volunteer firefighters' relief associations or covered by the voluntary  
289.6 statewide volunteer firefighter retirement plan. The amount is based on the number of active  
289.7 volunteer firefighters who are (1) members of the relief association as reported to the Office  
289.8 of the State Auditor in a specific annual financial reporting year as specified in paragraphs  
289.9 (b) to (d), or (2) covered by the voluntary statewide volunteer firefighter retirement plan as  
289.10 specified in paragraph (e).

289.11 (b) For relief associations established in calendar year 1993 or a prior year, the number  
289.12 of active volunteer firefighters equals the number of active volunteer firefighters who were  
289.13 members of the relief association as reported in the annual financial reporting for calendar  
289.14 year 1993, but not to exceed 30 active volunteer firefighters.

289.15 (c) For relief associations established in calendar year 1994 through calendar year 1999,  
289.16 the number of active volunteer firefighters equals the number of active volunteer firefighters  
289.17 who were members of the relief association as reported in the annual financial reporting for  
289.18 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer  
289.19 firefighters.

289.20 (d) For relief associations established after calendar year 1999, the number of active  
289.21 volunteer firefighters equals the number of active volunteer firefighters who are members  
289.22 of the relief association as reported in the first annual financial reporting submitted to the  
289.23 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

289.24 (e) If a relief association is terminated as a result of providing retirement coverage for  
289.25 volunteer firefighters by the voluntary statewide volunteer firefighter retirement plan under  
289.26 chapter 353G, the number of active volunteer firefighters equals the number of active  
289.27 volunteer firefighters of the municipality or independent nonprofit firefighting corporation  
289.28 covered by the statewide plan as certified by the executive director of the Public Employees  
289.29 Retirement Association to the commissioner and the state auditor, but not to exceed 30  
289.30 active firefighters.

289.31 Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior  
289.32 misallocations must be made to subsequent fire state aid apportionments.

289.33 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
289.34 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may

290.1 object to the amount of fire state aid apportioned to it by filing a written request with the  
290.2 commissioner to review and adjust the apportionment of funds within the state. The decision  
290.3 of the commissioner is subject to appeal, review, and adjustment by the district court in the  
290.4 county in which the applicable municipality or independent nonprofit firefighting corporation  
290.5 is located or by the Ramsey County District Court with respect to the voluntary statewide  
290.6 volunteer firefighter retirement plan.

290.7 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

290.8 Sec. 4. **[477B.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

290.9 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
290.10 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter  
290.11 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation  
290.12 that is a member of the voluntary statewide volunteer firefighter retirement plan under  
290.13 chapter 353G, or directly to a municipality or county designated by an independent nonprofit  
290.14 firefighting corporation. The payment is equal to the amount of fire state aid apportioned  
290.15 to the applicable fire state aid recipient under section 477B.03.

290.16 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not  
290.17 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each  
290.18 month or part of a month that the amount remains unpaid after October 1.

290.19 (c) The interest under paragraph (b) does not apply when payment has not been made  
290.20 by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.

290.21 Subd. 2. **Appropriation.** The amount necessary to make the payments under this section  
290.22 and section 477B.03 is annually appropriated to the commissioner from the general fund.

290.23 Subd. 3. **Deposit of state aid.** (a) If the municipality or the independent nonprofit  
290.24 firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement  
290.25 plan under chapter 353G, the executive director of the Public Employees Retirement  
290.26 Association must credit the fire state aid against future municipal contribution requirements  
290.27 under section 353G.08 and must notify the municipality or the independent nonprofit  
290.28 firefighting corporation of the fire state aid so credited at least annually.

290.29 (b) If the municipality or the independent nonprofit firefighting corporation is not covered  
290.30 by the voluntary statewide volunteer firefighter retirement plan, the treasurer of the  
290.31 municipality must, within 30 days after receipt, transmit the fire state aid to the treasurer  
290.32 of the duly incorporated firefighters' relief association if there is one organized and the  
290.33 association has filed a financial report with the municipality pursuant to section 424A.014,

291.1 subdivision 1 or 2, whichever applies. If the relief association has not filed a financial report  
291.2 with the municipality, the treasurer of the municipality must delay transmission of the fire  
291.3 state aid to the relief association until the complete financial report is filed.

291.4 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal  
291.5 treasury if (1) the municipality or independent nonprofit firefighting corporation is not  
291.6 covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no  
291.7 relief association organized, (3) the association has dissolved, or (4) the association has  
291.8 been removed as trustees of state aid. The money may be disbursed from the municipal  
291.9 treasury only for the purposes and in the manner set forth in section 424A.08 or for the  
291.10 payment of the employer contribution requirement with respect to firefighters covered by  
291.11 the public employees police and fire retirement plan under section 353.65, subdivision 3.

291.12 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

291.13 **Sec. 5. [477B.05] SHORTFALL FROM GENERAL FUND.**

291.14 (a) If the annual funding requirements of fire relief associations or consolidation accounts  
291.15 under sections 424A.091 to 424A.095 or Laws 2013, chapter 111, article 5, sections 31 to  
291.16 42, exceed all applicable revenue sources of a given year, including the insurance premium  
291.17 taxes funding fire state aid under this chapter as set under section 297I.05, subdivisions 2,  
291.18 3, and 4, the shortfall in the annual funding requirements must be paid from the general  
291.19 fund to the extent appropriated by the legislature.

291.20 (b) Nothing in this section relieves any municipality from its obligation to a relief  
291.21 association or consolidation account under law.

291.22 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

291.23 **Sec. 6. PURPOSE.**

291.24 It is the intent of the legislature to make Minnesota's fire and police state aid laws more  
291.25 understandable by separating and recodifying disparate administration and compliance  
291.26 provisions currently contained in chapter 69 of Minnesota Statutes. Due to the complexity  
291.27 of the recodification, prior provisions are repealed on the effective date of the new provisions.

291.28 **EFFECTIVE DATE.** This section is effective July 1, 2019.

292.1 Sec. 7. **REPEALER.**

292.2 Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, and 4; 69.021,  
292.3 subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, and 11; 69.031, subdivisions 1, 3, and 5; and 69.041,  
292.4 are repealed.

292.5 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

292.6 **ARTICLE 18**292.7 **POLICE STATE AID; TECHNICAL CHANGES**292.8 Section 1. **[477C.01] DEFINITIONS.**

292.9 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different  
292.10 meaning is intended, the following words and terms, for the purposes of this chapter and  
292.11 chapter 423A have the meanings given to them.

292.12 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

292.13 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has  
292.14 the meaning given in section 60A.02, subdivision 4.

292.15 Subd. 4. **Minnesota Aid to Police Premium Report.** "Minnesota Aid to Police Premium  
292.16 Report" means a form for reporting the total gross premiums, less return premiums and  
292.17 dividends, on all direct business received by an insurance company in this state during the  
292.18 preceding calendar year, with reference to insurance written for perils contained in auto  
292.19 insurance coverages as reported to the National Association of Insurance Commissioners  
292.20 and the commissioner of commerce.

292.21 Subd. 5. **Municipal clerk, municipal clerk-treasurer, or county auditor.** "Municipal  
292.22 clerk," "municipal clerk-treasurer," or "county auditor" means:

292.23 (1) the person elected or appointed to the position of municipal clerk, municipal  
292.24 clerk-treasurer, or county auditor or, if there is no such person, the chief financial official  
292.25 or the person primarily responsible for managing the finances of a municipality;

292.26 (2) for a park district, the secretary of the board of park district commissioners;

292.27 (3) for the University of Minnesota, the official designated by the Board of Regents;

292.28 (4) for the Metropolitan Airports Commission, the person designated by the commission;

292.29 (5) for the Departments of Natural Resources and Public Safety, the respective  
292.30 commissioner of the agency; and

293.1 (6) for a tribal police department that exercises state arrest powers under section 626.90,  
293.2 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal  
293.3 government.

293.4 Subd. 6. **Municipality.** (a) "Municipality" means:

293.5 (1) a home rule charter or statutory city;

293.6 (2) an organized town;

293.7 (3) a county;

293.8 (4) a park district subject to chapter 398;

293.9 (5) the University of Minnesota;

293.10 (6) an American Indian tribal government with a tribal police department that exercises  
293.11 state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

293.12 (7) the Metropolitan Airports Commission; and

293.13 (8) the Departments of Natural Resources and Public Safety with respect to peace officers  
293.14 covered under chapter 352B.

293.15 (b) This subdivision only applies to chapter 477C.

293.16 Subd. 7. **Peace officer.** "Peace officer" means any person:

293.17 (1) whose primary source of income derived from wages is from direct employment by  
293.18 a municipality as a law enforcement officer on a full-time basis of not less than 30 hours  
293.19 per week;

293.20 (2) who has been employed for a minimum of six months before December 31 preceding  
293.21 the date of the current year's certification under section 477C.02, subdivision 1;

293.22 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

293.23 (4) who is licensed by the Peace Officers Standards and Training Board and is authorized  
293.24 to arrest with a warrant; and

293.25 (5) who is a member of the State Patrol retirement plan or the public employees police  
293.26 and fire fund.

293.27 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

294.1 Sec. 2. **[477C.02] QUALIFYING FOR POLICE STATE AID.**

294.2 **Subdivision 1. Certification to commissioner.** (a) A certification made under this  
294.3 section must be filed with the commissioner on a form prescribed by the commissioner and  
294.4 must include all other facts that the commissioner requires.

294.5 (b) Except as provided in subdivision 2, on or before March 15 annually, the municipal  
294.6 clerk, municipal clerk-treasurer, or county auditor of each municipality employing one or  
294.7 more peace officers must certify to the commissioner the number of peace officers employed  
294.8 during the previous calendar year. No peace officer may be included in the certification by  
294.9 more than one municipality for the same month.

294.10 (c) Credit for peace officers employed less than a full year must be apportioned. Each  
294.11 full month of employment of a qualifying officer during the calendar year entitles the  
294.12 employing municipality to credit for 1/12 of the payment for employment of a peace officer  
294.13 for the entire year. For purposes of this chapter, employment of a peace officer begins when  
294.14 the peace officer is entered on the payroll of the employing municipality.

294.15 **Subd. 2. Departments of Natural Resources and Public Safety.** On or before March  
294.16 15 annually, the commissioner of natural resources must certify the number of peace officers  
294.17 employed by the Enforcement Division and the commissioner of public safety must certify  
294.18 the number of peace officers employed by the Bureau of Criminal Apprehension, the  
294.19 Gambling Enforcement Division, and the State Patrol Division. The certification must be  
294.20 on the form described in subdivision 1, paragraph (a). Peace officers certified under this  
294.21 subdivision must be included in the total certifications under subdivision 1.

294.22 **Subd. 3. Ineligibility of certain peace officers.** A peace officer employed by the  
294.23 University of Minnesota who is required by the Board of Regents to be a member of the  
294.24 University of Minnesota faculty retirement plan is not eligible to be included in any police  
294.25 state aid certification under this section.

294.26 **Subd. 4. Penalty for failure to file certification.** (a) If a certification under subdivision  
294.27 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must  
294.28 notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal  
294.29 to a portion or all of its current year aid will apply if the certification is not received within  
294.30 ten days.

294.31 (b) The penalty for failure to file the certification under subdivision 1 or 2 is equal to  
294.32 the amount of police state aid determined for the municipality for the current year, multiplied  
294.33 by five percent for each week or fraction of a week that the certification is late. The penalty  
294.34 must be computed beginning ten days after the postmark date of the commissioner's

295.1 notification as required under this subdivision. All aid amounts forfeited as a result of the  
295.2 penalty revert to the state general fund. Failure to receive the certification form may not be  
295.3 used as a defense for a failure to file.

295.4 Subd. 5. **Determination by commissioner.** The commissioner must determine which  
295.5 municipalities are qualified to receive police state aid based on compliance with the  
295.6 requirements of this section. The commissioner may take into account any other relevant  
295.7 information that comes to the attention of the commissioner when making the determination.

295.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

295.9 Sec. 3. **[477C.03] CALCULATION OF POLICE STATE AID; APPEAL.**

295.10 Subdivision 1. **Certification and calculation of police state aid.** (a) On or before  
295.11 October 1, the commissioner must calculate the amount of police state aid that each  
295.12 municipality is to receive.

295.13 (b) The commissioner must calculate an excess police state aid amount for each  
295.14 municipality under subdivision 3 and must reduce the apportionment amount for each  
295.15 municipality based on the calculation.

295.16 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for  
295.17 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
295.18 paid to the state on the premiums reported to the commissioner by companies or insurance  
295.19 companies on the Minnesota Aid to Police Premium Report. The total amount for  
295.20 apportionment for the police state aid program must not be less than two percent of the  
295.21 amount of premiums reported to the commissioner by companies or insurance companies  
295.22 on the Minnesota Aid to Police Premium Report.

295.23 (b) The commissioner must calculate the percentage of increase or decrease reflected in  
295.24 the apportionment over or under the previous year's available state aid using the same  
295.25 premiums as a basis for comparison.

295.26 (c) In addition to the amount for apportionment of police state aid under paragraph (a),  
295.27 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
295.28 this increase is annually appropriated from the general fund.

295.29 (d) The commissioner must apportion police state aid to all municipalities in proportion  
295.30 to the relationship that the total number of peace officers employed by that municipality for  
295.31 the prior calendar year and the proportional or fractional number who were employed less  
295.32 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears

296.1 to the total number of peace officers employed by all municipalities subject to any reduction  
 296.2 under subdivision 3.

296.3 (e) Any necessary additional adjustments must be made to subsequent police state aid  
 296.4 apportionments.

296.5 Subd. 3. **Apportionment reduction; excess police state aid.** (a) The commissioner  
 296.6 must reduce the apportionment of police state aid under this section for eligible municipalities  
 296.7 by the amount of any excess police state aid calculated under this subdivision.

296.8 (b) The commissioner must calculate the amount of excess police state aid for each  
 296.9 municipality as follows:

296.10 (1) for municipalities in which police retirement coverage is provided wholly by the  
 296.11 public employees police and fire fund and all peace officers are members of the plan governed  
 296.12 by sections 353.63 to 353.657, the excess police state aid amount equals the amount of  
 296.13 police state aid apportioned under subdivision 2 that exceeds the employer's total prior  
 296.14 calendar year obligation as defined in paragraph (c), as certified by the executive director  
 296.15 of the Public Employees Retirement Association;

296.16 (2) for the Metropolitan Airports Commission, the excess police state aid amount equals  
 296.17 the amount of apportioned police aid calculated under subdivision 2 that exceeds the  
 296.18 commission's total prior calendar year obligation as defined in paragraph (c), as certified  
 296.19 by the executive director of the Public Employees Retirement Association; and

296.20 (3) for the Departments of Natural Resources and Public Safety, the excess police state  
 296.21 aid amount equals the amount of apportioned police aid calculated under subdivision 2 that  
 296.22 exceeds the employer's total prior calendar year obligation under section 352B.02, subdivision  
 296.23 1c, for plan members who are peace officers, as certified by the executive director of the  
 296.24 Minnesota State Retirement System.

296.25 (c) The municipality's total prior calendar year obligation with respect to the public  
 296.26 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar  
 296.27 year obligation under section 353.65, subdivision 3, for police officers as defined in section  
 296.28 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under  
 296.29 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1,  
 296.30 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar  
 296.31 year amount:

<u>Municipality</u>	<u>Maximum Amount</u>
<u>Albert Lea</u>	<u>\$54,157.01</u>
<u>Anoka</u>	<u>10,399.31</u>



297.1	<u>Apple Valley</u>	<u>5,442.44</u>
297.2	<u>Austin</u>	<u>49,864.73</u>
297.3	<u>Bemidji</u>	<u>27,671.38</u>
297.4	<u>Brooklyn Center</u>	<u>6,605.92</u>
297.5	<u>Brooklyn Park</u>	<u>24,002.26</u>
297.6	<u>Burnsville</u>	<u>15,956.00</u>
297.7	<u>Cloquet</u>	<u>4,260.49</u>
297.8	<u>Coon Rapids</u>	<u>39,920.00</u>
297.9	<u>Cottage Grove</u>	<u>8,588.48</u>
297.10	<u>Crystal</u>	<u>5,855.00</u>
297.11	<u>East Grand Forks</u>	<u>51,009.88</u>
297.12	<u>Edina</u>	<u>32,251.00</u>
297.13	<u>Elk River</u>	<u>5,216.55</u>
297.14	<u>Ely</u>	<u>13,584.16</u>
297.15	<u>Eveleth</u>	<u>16,288.27</u>
297.16	<u>Fergus Falls</u>	<u>6,742.00</u>
297.17	<u>Fridley</u>	<u>33,420.64</u>
297.18	<u>Golden Valley</u>	<u>11,744.61</u>
297.19	<u>Hastings</u>	<u>16,561.00</u>
297.20	<u>Hopkins</u>	<u>4,324.23</u>
297.21	<u>International Falls</u>	<u>14,400.69</u>
297.22	<u>Lakeville</u>	<u>782.35</u>
297.23	<u>Lino Lakes</u>	<u>5,324.00</u>
297.24	<u>Little Falls</u>	<u>7,889.41</u>
297.25	<u>Maple Grove</u>	<u>6,707.54</u>
297.26	<u>Maplewood</u>	<u>8,476.69</u>
297.27	<u>Minnetonka</u>	<u>10,403.00</u>
297.28	<u>Montevideo</u>	<u>1,307.66</u>
297.29	<u>Moorhead</u>	<u>68,069.26</u>
297.30	<u>New Hope</u>	<u>6,739.72</u>
297.31	<u>North St. Paul</u>	<u>4,241.14</u>
297.32	<u>Northfield</u>	<u>770.63</u>
297.33	<u>Owatonna</u>	<u>37,292.67</u>
297.34	<u>Plymouth</u>	<u>6,754.71</u>
297.35	<u>Red Wing</u>	<u>3,504.01</u>
297.36	<u>Richfield</u>	<u>53,757.96</u>
297.37	<u>Rosemount</u>	<u>1,712.55</u>
297.38	<u>Roseville</u>	<u>9,854.51</u>

298.1	<u>St. Anthony</u>	<u>33,055.00</u>
298.2	<u>St. Louis Park</u>	<u>53,643.11</u>
298.3	<u>Thief River Falls</u>	<u>28,365.04</u>
298.4	<u>Virginia</u>	<u>31,164.46</u>
298.5	<u>Waseca</u>	<u>11,135.17</u>
298.6	<u>West St. Paul</u>	<u>15,707.20</u>
298.7	<u>White Bear Lake</u>	<u>6,521.04</u>
298.8	<u>Woodbury</u>	<u>3,613.00</u>
298.9	<u>any other municipality</u>	<u>0.00</u>

298.10 (d) The total amount of excess police state aid must be deposited in the excess police  
 298.11 state aid account in the general fund, and administered and distributed as provided in  
 298.12 subdivision 4.

298.13 Subd. 4. **Excess police state aid holding account.** (a) The excess police state aid holding  
 298.14 account is established in the general fund. The excess police state aid holding account is  
 298.15 administered by the commissioner.

298.16 (b) Excess police state aid determined under subdivision 3 must be deposited annually  
 298.17 in the excess police state aid holding account.

298.18 (c) From the balance in the excess police state aid holding account, \$900,000 must be  
 298.19 canceled annually to the general fund.

298.20 (d) On October 1 annually, one-half of the balance of the excess police state aid holding  
 298.21 account remaining after the deduction under paragraph (c) is appropriated for additional  
 298.22 amortization aid under section 423A.02, subdivision 1b.

298.23 (e) The remaining balance in the excess police state aid holding account, after the  
 298.24 deductions under paragraphs (c) and (d), must be canceled annually to the general fund.

298.25 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
 298.26 to it by filing a written request with the commissioner to review and adjust the apportionment  
 298.27 of funds to the municipality. The decision of the commissioner is subject to appeal, review,  
 298.28 and adjustment by the district court in the county in which the applicable municipality is  
 298.29 located or by the Ramsey County District Court with respect to the Departments of Natural  
 298.30 Resources or Public Safety.

298.31 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

299.1 Sec. 4. **[477C.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

299.2 **Subdivision 1. Payments.** (a) The commissioner must make payments to the municipality  
299.3 equal to the amount of police state aid apportioned to the applicable state aid recipient under  
299.4 section 477C.03.

299.5 (b) Police state aid is payable on October 1 annually. The amount of state aid due and  
299.6 not paid by October 1 accrues interest payable to the recipient at the rate of one percent for  
299.7 each month or part of a month that the amount remains unpaid after October 1.

299.8 **Subd. 2. Appropriation.** (a) The amount necessary to make the payments under this  
299.9 section and section 477C.03 is annually appropriated to the commissioner from the general  
299.10 fund.

299.11 (b) The police state aid apportioned to the Departments of Public Safety and Natural  
299.12 Resources under section 477C.03 is allocated to the commissioner of management and  
299.13 budget for transfer to the funds and accounts from which the salaries of peace officers  
299.14 certified under section 477C.02, subdivision 2, are paid. On or before October 1, the  
299.15 commissioner of revenue must certify to the commissioners of public safety, natural  
299.16 resources, and management and budget the amounts to be transferred from the appropriation  
299.17 for police state aid. The commissioners of public safety and natural resources must certify  
299.18 to the commissioner of management and budget the amounts to be credited to each of the  
299.19 funds and accounts from which the peace officers employed by their respective departments  
299.20 are paid.

299.21 **Subd. 3. Deposit of state aid.** (a) For a municipality in which police retirement coverage  
299.22 is provided by the public employees police and fire fund and all peace officers are members  
299.23 of the fund, including municipalities covered by section 353.665, the total state aid must  
299.24 be applied toward the municipality's employer contribution to the public employees police  
299.25 and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

299.26 (b) The county treasurer, upon receipt of the police state aid for the county, must apply  
299.27 the total state aid toward the county's employer contribution to the public employees police  
299.28 and fire fund under section 353.65, subdivision 3.

299.29 (c) The designated Metropolitan Airports Commission official, upon receipt of the police  
299.30 state aid for the Metropolitan Airports Commission, must apply the total police state aid  
299.31 toward the commission's employer contribution for peace officers to the public employees  
299.32 police and fire plan under section 353.65, subdivision 3.

300.1 (d) The commissioners of public safety and natural resources must allocate the police  
300.2 state aid first for employer contributions funded from the general fund and then for employer  
300.3 contributions funded from other funds. For peace officers employed by the Departments of  
300.4 Natural Resources or Public Safety whose salaries are paid from the general fund, the  
300.5 amounts transferred from the appropriation for police state aid must be canceled to the  
300.6 general fund.

300.7 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

## 300.8 **ARTICLE 19**

### 300.9 **FIRE AND POLICE STATE AID; MISCELLANEOUS TECHNICAL CHANGES**

#### 300.10 Section 1. **[297I.26] FIRE AND POLICE PREMIUM REPORTS.**

300.11 Subdivision 1. **Filing reports.** (a) Each company must file with the commissioner the  
300.12 reports defined in sections 477B.01, subdivision 8, and 477C.01, subdivision 4, signed by  
300.13 the authorized representative of the company, on or before March 1 annually. The fire and  
300.14 extended coverage portion of multiperil package premiums and all other combination  
300.15 premiums must be determined by applying percentages determined by the commissioner  
300.16 or by rating bureaus recognized by the commissioner. The commissioner shall prescribe  
300.17 the content, form, and manner of the reports.

300.18 (b) The commissioner must notify each company that fails to timely file the report  
300.19 required under paragraph (a). The notice must demand that the company file the report  
300.20 within 30 days. Where good cause exists, the commissioner may extend the period for filing  
300.21 the report as long as a request for extension is filed by the company before the expiration  
300.22 of the 30-day period.

300.23 Subd. 2. **Penalties.** (a) A company that fails to file the report on or before the due date  
300.24 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,  
300.25 that the report is delinquent, but not to exceed \$200.

300.26 (b) Any person whose duty it is to file the report and who fails or refuses to file within  
300.27 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no  
300.28 more than \$1,000.

300.29 (c) Any company that knowingly makes and files an inaccurate or false report is liable  
300.30 for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the  
300.31 commissioner, and the commissioner of commerce may revoke the company's certificate  
300.32 of authority.

301.1 **EFFECTIVE DATE.** This section is effective for reports filed after December 31, 2019.

301.2 Sec. 2. **[424A.014] FINANCIAL REPORT; BOND; EXAMINATION.**

301.3 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire  
301.4 Department Relief Association and each volunteer firefighters relief association with assets  
301.5 of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous  
301.6 year, according to the applicable actuarial valuation or according to the financial report if  
301.7 no valuation is required, must prepare a financial report covering the special and general  
301.8 funds of the relief association for the preceding fiscal year, file the financial report, and  
301.9 submit financial statements.

301.10 (b) The financial report must contain financial statements and disclosures that present  
301.11 the true financial condition of the relief association and the results of relief association  
301.12 operations in conformity with generally accepted accounting principles and in compliance  
301.13 with the regulatory, financing, and funding provisions of this chapter and any other applicable  
301.14 laws. The financial report must be countersigned by:

301.15 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief  
301.16 association is located if the relief association is a firefighters' relief association that is directly  
301.17 associated with a municipal fire department;

301.18 (2) the municipal clerk or clerk-treasurer of the largest municipality in population that  
301.19 contracts with the independent nonprofit firefighting corporation if the volunteer firefighter  
301.20 relief association is a subsidiary of an independent nonprofit firefighting corporation, and  
301.21 by the secretary of the independent nonprofit firefighting corporation; or

301.22 (3) the chief financial official of the county in which the volunteer firefighter relief  
301.23 association is located or primarily located if the relief association is associated with a fire  
301.24 department that is not located in or associated with an organized municipality.

301.25 (c) The financial report must be retained in the office of the Bloomington Fire Department  
301.26 Relief Association or the volunteer firefighter relief association for public inspection and  
301.27 must be filed with the governing body of the government subdivision in which the associated  
301.28 fire department is located after the close of the fiscal year. One copy of the financial report  
301.29 must be furnished to the state auditor after the close of the fiscal year.

301.30 (d) Audited financial statements must be attested to by a certified public accountant or  
301.31 by the state auditor and must be filed with the state auditor on or before June 30 after the  
301.32 close of the fiscal year. The state auditor may accept this report in lieu of the report required  
301.33 in paragraph (c).

302.1 Subd. 2. Financial statement. (a) The board of each volunteer firefighter relief  
302.2 association that is not required to file a financial report and audit under subdivision 1 must  
302.3 prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief  
302.4 association's special and general funds in the style and form prescribed by the state auditor.

302.5 The detailed statement must show:

302.6 (1) the sources and amounts of all money received;

302.7 (2) all disbursements, accounts payable, and accounts receivable;

302.8 (3) the amount of money remaining in the treasury;

302.9 (4) total assets, including a listing of all investments;

302.10 (5) the accrued liabilities; and

302.11 (6) all other items necessary to show accurately the revenues and expenditures and  
302.12 financial position of the relief association.

302.13 (b) The detailed financial statement of the special and general funds required under  
302.14 paragraph (a) must be certified by a certified public accountant or by the state auditor in  
302.15 accordance with agreed-upon procedures and forms prescribed by the state auditor. The  
302.16 accountant must have at least five years of public accounting, auditing, or similar experience  
302.17 and must not be an active, inactive, or retired member of the relief association or the fire  
302.18 department.

302.19 (c) The detailed financial statement required under paragraph (a) must be countersigned  
302.20 by:

302.21 (1) the municipal clerk or clerk-treasurer of the municipality;

302.22 (2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality  
302.23 in population that contracts with the independent nonprofit firefighting corporation if the  
302.24 relief association is a subsidiary of an independent nonprofit firefighting corporation, and  
302.25 by the secretary of the independent nonprofit firefighting corporation; or

302.26 (3) the chief financial official of the county in which the volunteer firefighter relief  
302.27 association is located or primarily located if the relief association is associated with a fire  
302.28 department that is not located in or associated with an organized municipality.

302.29 (d) The volunteer firefighters relief association board must submit a copy of the detailed  
302.30 financial statement required under paragraph (a) that has been certified by the governing  
302.31 body of the municipality to the state auditor on or before March 31 after the close of the  
302.32 fiscal year.

303.1 (e) A certified public accountant or auditor who performs the agreed-upon procedures  
303.2 under paragraph (b) is subject to the reporting requirement of section 6.67.

303.3 Subd. 3. **Qualification.** The state auditor may, upon a demonstration by a relief  
303.4 association of hardship or an inability to conform, extend the deadline for reports under  
303.5 subdivision 1 or 2, but not beyond November 30 following the due date. If the reports are  
303.6 not received by November 30, the municipality or relief association forfeits its current year  
303.7 state aid, and, until the state auditor receives the required information, the relief association  
303.8 or municipality is ineligible to receive any future state aid. A municipality or relief association  
303.9 does not qualify initially to receive, or be entitled subsequently to retain, fire state aid and  
303.10 police and firefighter retirement supplemental state aid payable under chapter 477B and  
303.11 section 423A.022 if the financial reporting requirement or the applicable requirements of  
303.12 this chapter or any other statute or special law have not been complied with or are not  
303.13 fulfilled.

303.14 Subd. 4. **Treasurer bond.** (a) The treasurer of the Bloomington Fire Department Relief  
303.15 Association may not enter upon duties without having given the association a bond in a  
303.16 reasonable amount acceptable to the municipality for the faithful discharge of duties  
303.17 according to law.

303.18 (b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may  
303.19 enter upon the duties of the office until the treasurer has given the association a good and  
303.20 sufficient bond in an amount equal to at least ten percent of the assets of the relief association;  
303.21 however, the amount of the bond need not exceed \$500,000.

303.22 Subd. 5. **Report by certain municipalities; exceptions.** (a) The chief administrative  
303.23 officer of each municipality that has a fire department but does not have a relief association  
303.24 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section  
303.25 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed  
303.26 financial report of the receipts and disbursements by the municipality for fire protection  
303.27 service during the preceding calendar year on a form prescribed by the state auditor. The  
303.28 financial report must contain any information that the state auditor deems necessary to  
303.29 disclose the sources of receipts and the purpose of disbursements for fire protection service.  
303.30 The financial report must be signed by the municipal clerk or clerk-treasurer with the state  
303.31 auditor on or before July 1 annually. The municipality does not qualify initially to receive,  
303.32 and is not entitled subsequently to retain, any fire state aid and police and firefighter  
303.33 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the  
303.34 financial reporting requirement or the applicable requirements of any other statute or special  
303.35 law have not been complied with or are not fulfilled.

304.1 (b) Each municipality that has a fire department and provides retirement coverage to its  
304.2 firefighters through the voluntary statewide volunteer firefighter retirement plan under  
304.3 chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide  
304.4 volunteer firefighter retirement fund without filing a detailed financial report if the executive  
304.5 director of the Public Employees Retirement Association certifies compliance by the  
304.6 municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1,  
304.7 paragraph (e), and certifies conformity by the applicable fire chief with the requirements  
304.8 of section 353G.07.

304.9 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing  
304.10 a financial report under paragraph (a) if the municipality:

304.11 (1) has a fire department;

304.12 (2) does not have a volunteer firefighters relief association directly associated with its  
304.13 fire department;

304.14 (3) does not participate in the statewide volunteer firefighter retirement plan under  
304.15 chapter 353G;

304.16 (4) provides retirement coverage to its firefighters through the public employees police  
304.17 and fire retirement plan under sections 353.63 to 353.68; and

304.18 (5) is certified by the executive director of the Public Employees Retirement Association  
304.19 to the state auditor to have had an employer contribution under section 353.65, subdivision  
304.20 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire  
304.21 state aid for the immediately prior calendar year.

304.22 **Subd. 6. Notification by commissioner of revenue and state auditor.** (a) The state  
304.23 auditor, in performing an audit or examination, must notify the Legislative Commission on  
304.24 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or  
304.25 nonfeasance in office by relief association officials or municipal officials.

304.26 (b) The commissioner of revenue must notify the Legislative Commission on Pensions  
304.27 and Retirement if the state auditor has not filed the required financial compliance reports  
304.28 by July 1.

304.29 **EFFECTIVE DATE.** This section is effective July 1, 2019.



305.1 Sec. 3. Minnesota Statutes 2018, section 424A.05, is amended by adding a subdivision to  
305.2 read:

305.3 Subd. 3b. **Authorized administrative expenses from special fund.** (a) Notwithstanding  
305.4 any provision of law to the contrary, the payment of the following necessary, reasonable,  
305.5 and direct expenses of maintaining, protecting, and administering the special fund, when  
305.6 provided for in the bylaws of the association and approved by the board of trustees,  
305.7 constitutes authorized administrative expenses of a volunteer firefighters relief association  
305.8 organized under any law of the state or the Bloomington Fire Department Relief Association:

305.9 (1) office expenses, including but not limited to rent, utilities, equipment, supplies,  
305.10 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

305.11 (2) salaries of the officers of the association or their designees, and salaries of the  
305.12 members of the board of trustees of the association if the salary amounts are approved by  
305.13 the governing body of the entity that is responsible for meeting any minimum obligation  
305.14 under section 424A.092 or 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to  
305.15 42, and the itemized expenses of relief association officers and board members that are  
305.16 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

305.17 (3) tuition, registration fees, organizational dues, and other authorized expenses of the  
305.18 officers or members of the board of trustees incurred in attending educational conferences,  
305.19 seminars, or classes relating to the administration of the relief association;

305.20 (4) audit and audit-related services, accounting and accounting-related services, and  
305.21 actuarial, medical, legal, and investment and performance evaluation expenses;

305.22 (5) filing and application fees payable by the relief association to federal or other  
305.23 government entities;

305.24 (6) reimbursement to the officers and members of the board of trustees or their designees,  
305.25 for reasonable and necessary expenses actually paid and incurred in the performance of  
305.26 their duties as officers or members of the board; and

305.27 (7) premiums on fiduciary liability insurance and official bonds for the officers, members  
305.28 of the board of trustees, and employees of the relief association.

305.29 (b) All other expenses of the relief association must be paid from the general fund of  
305.30 the association if one exists. If a relief association has only one fund, that fund is the special  
305.31 fund for purposes of this subdivision. If a relief association has a special fund and a general  
305.32 fund, the payment of any expense of the relief association that is directly related to the

306.1 purposes for which both funds were established must be apportioned between the two funds  
306.2 on the basis of the benefits derived by each fund.

306.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

306.4 Sec. 4. **REPEALER.**

306.5 (a) Minnesota Statutes 2018, sections 69.051, subdivisions 1, 1a, 1b, 2, 3, and 4; and  
306.6 69.80, are repealed.

306.7 (b) Minnesota Statutes 2018, sections 69.33; and 297I.25, subdivision 2, are repealed.

306.8 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2019. Paragraph (b) is effective  
306.9 for reports filed after December 31, 2019.

306.10

## ARTICLE 20

306.11

### FIRE AND POLICE STATE AID; CONFORMING CHANGES

306.12 Section 1. Minnesota Statutes 2018, section 6.495, subdivision 3, is amended to read:

306.13 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the  
306.14 commissioner of revenue a financial compliance report certifying for each relief association:

306.15 (1) the completion of the annual financial report required under section ~~69.051~~ 424A.014  
306.16 and the auditing or certification of those financial reports under subdivision 1; and

306.17 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
306.18 2013, chapter 111, article 5, sections 31 to 42.

306.19 **EFFECTIVE DATE.** This section is effective July 1, 2019.

306.20 Sec. 2. Minnesota Statutes 2018, section 144E.42, subdivision 2, is amended to read:

306.21 Subd. 2. **Trust account.** (a) There is established in the general fund the Cooper/Sams  
306.22 volunteer ambulance trust account and the Cooper/Sams volunteer ambulance award and  
306.23 account.

306.24 (b) The trust account must be credited with:

306.25 (1) general fund appropriations for that purpose;

306.26 (2) transfers from the Cooper/Sams volunteer ambulance award and account; and

306.27 (3) investment earnings on those accumulated proceeds. The assets and income of the  
306.28 trust account must be held and managed by the commissioner of management and budget

307.1 and the State Board of Investment for the benefit of the state of Minnesota and its general  
 307.2 creditors.

307.3 (c) The Cooper/Sams volunteer ambulance account must be credited with transfers from  
 307.4 the excess police state-aid holding account established in section ~~69.021, subdivision 11~~  
 307.5 477C.03, subdivision 4, any per-year-of-service allocation under section 144E.45, subdivision  
 307.6 2, paragraph (c), that was not made for an individual, and investment earnings on those  
 307.7 accumulated proceeds. The Cooper/Sams volunteer ambulance account must be managed  
 307.8 by the commissioner of management and budget and the State Board of Investment. From  
 307.9 the Cooper/Sams volunteer ambulance account to the trust account there must be transferred  
 307.10 to the Cooper/Sams volunteer ambulance trust account, as the Cooper/Sams volunteer  
 307.11 ambulance account balance permits, the following amounts:

307.12 (1) an amount equal to any general fund appropriation to the Cooper/Sams volunteer  
 307.13 ambulance trust account for that fiscal year; and

307.14 (2) an amount equal to the percentage of the remaining balance in the account after the  
 307.15 deduction of the amount under clause (1), as specified for the applicable fiscal year:

307.16	Fiscal year	Percentage
307.17	1995	20
307.18	1996	40
307.19	1997	50
307.20	1998	60
307.21	1999	70
307.22	2000	80
307.23	2001	90
307.24	2002 and thereafter	100

307.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

307.26 Sec. 3. Minnesota Statutes 2018, section 297I.20, subdivision 3, is amended to read:

307.27 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim  
 307.28 a credit against the premiums tax imposed under this chapter equal to the amount of the  
 307.29 credit certificate issued to it, or to a person who has assigned the credit to the insurance  
 307.30 company, under section 290.0681. If the amount of the credit exceeds the liability for tax  
 307.31 under this chapter, the commissioner shall refund the excess to the insurance company. An  
 307.32 amount sufficient to pay the refunds under this section is appropriated to the commissioner  
 307.33 from the general fund. This credit does not affect the calculation of ~~police and fire state aid~~  
 307.34 under section ~~69.021~~ 477B.03 and police state aid under section 477C.03.

308.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

308.2 Sec. 4. Minnesota Statutes 2018, section 353G.01, subdivision 9, is amended to read:

308.3 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section  
308.4 ~~69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5)~~ 477B.01, subdivision 10, a  
308.5 city or township that has entered into a contract with an independent nonprofit firefighting  
308.6 corporation, or a city or township that has entered into a contract with a joint powers entity  
308.7 established under section 471.59.

308.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

308.9 Sec. 5. Minnesota Statutes 2018, section 353G.05, subdivision 2, is amended to read:

308.10 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of  
308.11 volunteer firefighters by the lump-sum retirement division is initiated by a request to the  
308.12 executive director for a cost analysis of the prospective retirement coverage under the  
308.13 lump-sum retirement division.

308.14 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter  
308.15 relief association or a defined contribution volunteer firefighter relief association governed  
308.16 by chapter 424A, the cost analysis of the prospective retirement coverage must be requested  
308.17 jointly by the secretary of the volunteer firefighter relief association, following approval of  
308.18 the request by the board of the volunteer firefighter relief association, and the chief  
308.19 administrative officer of the entity associated with the relief association, following approval  
308.20 of the request by the governing body of the entity associated with the relief association. If  
308.21 the relief association is associated with more than one entity, the chief administrative officer  
308.22 of each associated entity must execute the request. If the volunteer firefighters are not  
308.23 currently covered by a volunteer firefighter relief association, the cost analysis of the  
308.24 prospective retirement coverage must be requested by the chief administrative officer of  
308.25 the entity operating the fire department. The request must be made in writing and must be  
308.26 made on a form prescribed by the executive director.

308.27 (c) The cost analysis of the prospective retirement coverage by the lump-sum retirement  
308.28 division of the statewide retirement plan must be based on the service pension amount under  
308.29 section 353G.11 closest to the service pension amount provided by the volunteer firefighter  
308.30 relief association if the relief association is a lump-sum defined benefit plan, or the amount  
308.31 equal to 95 percent of the most current average account balance per relief association member  
308.32 if the relief association is a defined contribution plan, or to the lowest service pension amount  
308.33 under section 353G.11 if there is no volunteer firefighter relief association, rounded up, and

309.1 any other service pension amount designated by the requester or requesters. The cost analysis  
309.2 must be prepared using a mathematical procedure certified as accurate by an approved  
309.3 actuary retained by the Public Employees Retirement Association.

309.4 (d) If a cost analysis is requested and a volunteer ~~firefighters'~~ firefighters relief association  
309.5 exists that has filed the information required under section ~~69.051~~ 424A.014 in a timely  
309.6 fashion, upon request by the executive director, the state auditor shall provide the most  
309.7 recent data available on the financial condition of the volunteer firefighter relief association,  
309.8 the most recent firefighter demographic data available, and a copy of the current relief  
309.9 association bylaws. If a cost analysis is requested, but no volunteer firefighter relief  
309.10 association exists, the chief administrative officer of the entity operating the fire department  
309.11 shall provide the demographic information on the volunteer firefighters serving as members  
309.12 of the fire department requested by the executive director.

309.13 **EFFECTIVE DATE.** This section is effective July 1, 2019.

309.14 Sec. 6. Minnesota Statutes 2018, section 353G.08, subdivision 1, is amended to read:

309.15 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)  
309.16 Annually, the executive director shall determine the funding requirements of each account  
309.17 in the lump-sum retirement division of the voluntary statewide volunteer firefighter retirement  
309.18 plan on or before August 1. The funding requirements computed under this subdivision  
309.19 must be determined using a mathematical procedure developed and certified as accurate by  
309.20 the approved actuary retained by the Public Employees Retirement Association and must  
309.21 be based on present value factors using a six percent interest rate, without any decrement  
309.22 assumptions. The funding requirements must be certified to the entity or entities associated  
309.23 with the fire department whose active firefighters are covered by the retirement plan.

309.24 (b) The overall funding balance of each lump-sum account for the current calendar year  
309.25 must be determined in the following manner:

309.26 (1) The total accrued liability for all active and deferred members of the account as of  
309.27 December 31 of the current year must be calculated based on the good time service credit  
309.28 of active and deferred members as of that date.

309.29 (2) The total present assets of the account projected to December 31 of the current year,  
309.30 including receipts by and disbursements from the account anticipated to occur on or before  
309.31 December 31, must be calculated. To the extent possible, the market value of assets must  
309.32 be utilized in making this calculation.

310.1 (3) The amount of the total present assets calculated under clause (2) must be subtracted  
310.2 from the amount of the total accrued liability calculated under clause (1). If the amount of  
310.3 total present assets exceeds the amount of the total accrued liability, then the account is  
310.4 considered to have a surplus over full funding. If the amount of the total present assets is  
310.5 less than the amount of the total accrued liability, then the account is considered to have a  
310.6 deficit from full funding. If the amount of total present assets is equal to the amount of the  
310.7 total accrued liability, then the special fund is considered to be fully funded.

310.8 (c) The financial requirements of each lump-sum account for the following calendar  
310.9 year must be determined in the following manner:

310.10 (1) The total accrued liability for all active and deferred members of the account as of  
310.11 December 31 of the calendar year next following the current calendar year must be calculated  
310.12 based on the good time service used in the calculation under paragraph (b), clause (1),  
310.13 increased by one year.

310.14 (2) The increase in the total accrued liability of the account for the following calendar  
310.15 year over the total accrued liability of the account for the current year must be calculated.

310.16 (3) The amount of administrative expenses of the account must be calculated by  
310.17 multiplying the per-person dollar amount of the administrative expenses for the most recent  
310.18 prior calendar year by the number of active and deferred firefighters reported to PERA on  
310.19 the most recent good time service credit certification form for each account.

310.20 (4) If the account is fully funded, the financial requirement of the account for the  
310.21 following calendar year is the total of the amounts calculated under clauses (2) and (3).

310.22 (5) If the account has a deficit from full funding, the financial requirement of the account  
310.23 for the following calendar year is the total of the amounts calculated under clauses (2) and  
310.24 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the  
310.25 account.

310.26 (6) If the account has a surplus over full funding, the financial requirement of the account  
310.27 for the following calendar year is the financial requirement of the account calculated as  
310.28 though the account was fully funded under clause (4) and, if the account has also had a  
310.29 surplus over full funding during the prior two years, additionally reduced by an amount  
310.30 equal to one-tenth of the amount of the surplus over full funding of the account.

310.31 (d) The required contribution of the entity or entities associated with the fire department  
310.32 whose active firefighters are covered by the lump-sum retirement division is the annual  
310.33 financial requirements of the lump-sum account of the retirement plan under paragraph (c)

311.1 reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter  
311.2 477B or police and firefighter retirement supplemental state aid payable under section  
311.3 423A.022 that is reasonably anticipated to be received by the retirement plan attributable  
311.4 to the entity or entities during the following calendar year, and an amount of interest on the  
311.5 assets projected to be received during the following calendar year calculated at the rate of  
311.6 six percent per annum. The required contribution must be allocated between the entities if  
311.7 more than one entity is involved. A reasonable amount of anticipated fire state aid is an  
311.8 amount that does not exceed the fire state aid actually received in the prior year multiplied  
311.9 by the factor 1.035.

311.10 (e) The required contribution calculated in paragraph (d) must be paid to the retirement  
311.11 plan on or before December 31 of the year for which it was calculated. If the contribution  
311.12 is not received by the retirement plan by December 31, it is payable with interest at an  
311.13 annual compound rate of six percent from the date due until the date payment is received  
311.14 by the retirement plan. If the entity does not pay the full amount of the required contribution,  
311.15 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

311.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

311.17 Sec. 7. Minnesota Statutes 2018, section 353G.08, subdivision 1a, is amended to read:

311.18 Subd. 1a. **Annual funding requirements; monthly benefit retirement division.** (a)  
311.19 Annually, the executive director shall determine the funding requirements of each monthly  
311.20 benefit account in the voluntary statewide volunteer firefighter retirement plan on or before  
311.21 August 1.

311.22 (b) The executive director must determine the funding requirements of a monthly benefit  
311.23 account under this subdivision from:

311.24 (1) the most recent actuarial valuation normal cost, administrative expense, including  
311.25 the cost of a regular actuarial valuation, and amortization results for the account determined  
311.26 by the approved actuary retained by the retirement association under sections 356.215 and  
311.27 356.216; and

311.28 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial  
311.29 assumption and other actuarial assumptions approved under section 356.215, subdivision  
311.30 18:

311.31 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit  
311.32 increase to be amortized over a period of 20 years from the date of the benefit change;

312.1 (ii) with that portion of any unfunded actuarial accrued liability attributable to an  
312.2 assumption change or an actuarial method change to be amortized over a period of 20 years  
312.3 from the date of the assumption or method change;

312.4 (iii) with that portion of any unfunded actuarial accrued liability attributable to an  
312.5 investment loss to be amortized over a period of ten years from the date of investment loss;  
312.6 and

312.7 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized over  
312.8 a period of five years from the date of the actuarial valuation.

312.9 (c) The required contributions of the entity or entities associated with the fire department  
312.10 whose active firefighters are covered by the monthly benefit retirement division are the  
312.11 annual financial requirements of the monthly benefit account of the retirement plan under  
312.12 paragraph (b) reduced by the amount of any fire state aid payable under ~~sections 69.011 to~~  
312.13 ~~69.051~~ chapter 477B, or any police and firefighter retirement supplemental state aid payable  
312.14 under section 423A.022, that is reasonably anticipated to be received by the retirement plan  
312.15 attributable to the entity or entities during the following calendar year. The required  
312.16 contribution must be allocated between the entities if more than one entity is involved. A  
312.17 reasonable amount of anticipated fire state aid is an amount that does not exceed the fire  
312.18 state aid actually received in the prior year multiplied by the factor 1.035.

312.19 (d) The required contribution calculated in paragraph (c) must be paid to the retirement  
312.20 plan on or before December 31 of the year for which it was calculated. If the contribution  
312.21 is not received by the retirement plan by December 31, it is payable with interest at an  
312.22 annual compound rate of six percent from the date due until the date payment is received  
312.23 by the retirement plan. If the entity does not pay the full amount of the required contribution,  
312.24 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

312.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

312.26 Sec. 8. Minnesota Statutes 2018, section 353G.17, subdivision 2, is amended to read:

312.27 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,  
312.28 and liabilities from the retirement plan to a relief association may occur, the board of trustees  
312.29 of the relief association shall adopt resolutions as follows:

312.30 (1) approving and accepting the transfer of records, assets, and liabilities from the  
312.31 retirement plan; and

312.32 (2) amending the bylaws of the relief association as necessary to add the firefighters  
312.33 whose benefits are being transferred from the retirement plan and to provide that each benefit



313.1 being transferred retains vesting, distribution, and other rights to which the firefighter, for  
313.2 whom the benefit is being transferred, is entitled under the terms of the retirement plan to  
313.3 the date of the transfer.

313.4 The board of trustees shall file a copy of the resolutions with the executive director.

313.5 (b) The board of trustees of the relief association shall file with the state auditor the  
313.6 following:

313.7 (1) a copy of the resolutions required under paragraph (a);

313.8 (2) a copy of the bylaws of the relief association and any bylaw amendments;

313.9 (3) a copy of the relief association's investment policy;

313.10 (4) a statement that a board of trustees has been duly elected and each trustee's name,  
313.11 address, telephone number, and e-mail address, if any;

313.12 (5) a copy of the most recent annual financial, investment, and plan administration report  
313.13 filed under section ~~69.051~~ 424A.014, unless the due date for the first report has not yet  
313.14 occurred; and

313.15 (6) a copy of the documentation indicating that a special fund has been established with  
313.16 a financial institution to receive a transfer of assets from the retirement plan.

313.17 (c) Upon receipt of the information and documents required under paragraph (b), the  
313.18 state auditor shall issue to the relief association and the executive director written  
313.19 confirmation of receipt of all required information and documents.

313.20 **EFFECTIVE DATE.** This section is effective July 1, 2019.

313.21 Sec. 9. Minnesota Statutes 2018, section 356.20, subdivision 4a, is amended to read:

313.22 Subd. 4a. **Financial report for police or firefighters relief association.** For any police  
313.23 or firefighter's firefighters relief association referred to in subdivision 2, clause (10) or (11),  
313.24 a financial report that is duly filed and that meets the requirements of section ~~69.051~~  
313.25 424A.014 is deemed to have met the requirements of subdivision 4.

313.26 **EFFECTIVE DATE.** This section is effective July 1, 2019.

313.27 Sec. 10. Minnesota Statutes 2018, section 356.219, subdivision 8, is amended to read:

313.28 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association  
313.29 and the volunteer firefighter relief associations, the information required under this section  
313.30 must be submitted by the due date for reports required under section ~~69.051~~, ~~subdivision 1~~

314.1 ~~or 1a~~ 424A.014, subdivision 1 or 2, as applicable. If a relief association satisfies the definition  
314.2 of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered  
314.3 by the report required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1  
314.4 or 2, as applicable, the chief administrative officer of the covered pension plan shall certify  
314.5 that compliance on a form prescribed by the state auditor. The state auditor shall transmit  
314.6 annually to the State Board of Investment a list or lists of covered pension plans which  
314.7 submitted certifications in order to facilitate reporting by the State Board of Investment  
314.8 under paragraph (c).

314.9 (b) For the St. Paul Teachers Retirement Fund Association and the University of  
314.10 Minnesota faculty supplemental retirement plan, the information required under this section  
314.11 must be submitted to the state auditor by June 1 of each year.

314.12 (c) The State Board of Investment, on behalf of pension funds specified in subdivision  
314.13 1, paragraph (c), shall report information required under this section by September 1 of each  
314.14 year.

314.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

314.16 Sec. 11. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

314.17 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall  
314.18 allocate the additional amortization state aid, if any, including any state aid in excess of the  
314.19 limitation in subdivision 4, on the following basis:

314.20 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with  
314.21 police and firefighter retirement coverage;

314.22 (2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer  
314.23 firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03,  
314.24 subdivision 5;

314.25 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police  
314.26 and firefighter retirement coverage;

314.27 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment  
314.28 performance requirement of paragraph (c) is met; and

314.29 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section  
314.30 353.665, subdivision 8, paragraph (d).

314.31 If there is no additional employer contribution under section 353.665, subdivision 8,  
314.32 paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the

315.1 former Minneapolis Police Relief Association and the former Minneapolis Fire Department  
 315.2 Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows:  
 315.3 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers  
 315.4 Retirement Fund Association, and 30 percent as additional funding to support minimum  
 315.5 fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision~~  
 315.6 ~~7, paragraph (d)~~ 477B.03, subdivision 5. If there is no employer contribution by the city of  
 315.7 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire  
 315.8 Department Relief Association certified on or before June 30 by the executive director of  
 315.9 the Public Employees Retirement Association, the commissioner shall allocate that 1.3  
 315.10 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent  
 315.11 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding  
 315.12 to support minimum fire state aid for volunteer firefighter relief associations under section  
 315.13 ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5.

315.14 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

315.15 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the  
 315.16 teacher's association five-year average time-weighted rate of investment return does not  
 315.17 equal or exceed the performance of a composite portfolio assumed passively managed  
 315.18 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt  
 315.19 securities, and 30 percent in domestic stock calculated using the formula under section  
 315.20 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until  
 315.21 the five-year annual rate of investment return equals or exceeds the performance of that  
 315.22 composite portfolio.

315.23 (d) The amounts required under this subdivision are the amounts annually appropriated  
 315.24 to the commissioner of revenue under section ~~69.021, subdivision 11~~ 477B.03, subdivision  
 315.25 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

315.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

315.27 Sec. 12. Minnesota Statutes 2018, section 423A.02, subdivision 3, is amended to read:

315.28 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference  
 315.29 between \$5,720,000 and the current year amortization aid distributed under subdivision 1  
 315.30 that is not distributed for any reason to a municipality must be distributed by the  
 315.31 commissioner of revenue according to this paragraph. The commissioner shall distribute  
 315.32 60 percent of the amounts derived under this paragraph to the Teachers Retirement  
 315.33 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund  
 315.34 the unfunded actuarial accrued liabilities of the respective funds. These payments must be

316.1 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or  
316.2 the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this  
316.3 aid ceases. Amounts remaining in the undistributed balance account at the end of the  
316.4 biennium if aid eligibility ceases cancel to the general fund.

316.5 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
316.6 Independent School District No. 625, St. Paul, must make an additional contribution of  
316.7 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

316.8 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization  
316.9 aid under subdivision 1 that is not distributed for any reason to a municipality must be  
316.10 distributed under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5, as  
316.11 additional funding to support a minimum fire state aid amount for volunteer firefighter relief  
316.12 associations.

316.13 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

316.14 Sec. 13. Minnesota Statutes 2018, section 423A.022, subdivision 2, is amended to read:

316.15 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

316.16 (1) 58.064 percent must be paid to the executive director of the Public Employees  
316.17 Retirement Association for deposit in the public employees police and fire retirement fund  
316.18 established by section 353.65, subdivision 1;

316.19 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
316.20 employing firefighters with retirement coverage provided by the public employees police  
316.21 and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated  
316.22 in proportion to the most recent amount of fire state aid paid under section ~~69.021,~~  
316.23 ~~subdivision 7~~ 477B.04, for the municipality bears to the most recent total fire state aid for  
316.24 all municipalities other than the municipalities solely employing firefighters with retirement  
316.25 coverage provided by the public employees police and fire retirement plan paid under section  
316.26 ~~69.021, subdivision 7~~ 477B.04, with the allocated amount for fire departments participating  
316.27 in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the  
316.28 executive director of the Public Employees Retirement Association for deposit in the fund  
316.29 established by section 353G.02, subdivision 3, and credited to the respective account and  
316.30 with the balance paid to the treasurer of each municipality for transmittal within 30 days of  
316.31 receipt to the treasurer of the applicable volunteer firefighter relief association for deposit  
316.32 in its special fund; and

317.1 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement  
317.2 System for deposit in the state patrol retirement fund.

317.3 (b) For purposes of this section, the term "municipalities" includes independent nonprofit  
317.4 firefighting corporations that participate in the voluntary statewide lump-sum volunteer  
317.5 firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief  
317.6 associations operating under chapter 424A.

317.7 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

317.8 Sec. 14. Minnesota Statutes 2018, section 423A.022, subdivision 4, is amended to read:

317.9 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section must  
317.10 be made on October 1 each year, with interest at one percent for each month, or portion of  
317.11 a month, that the amount remains unpaid after October 1. Any necessary adjustments must  
317.12 be made to subsequent payments.

317.13 (b) The provisions of ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 that  
317.14 prevent municipalities and relief associations from being eligible for, or receiving fire state  
317.15 aid under ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 until the applicable  
317.16 financial reporting requirements have been complied with, apply to the amounts payable to  
317.17 municipalities and relief associations under this section.

317.18 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the references to  
317.19 Minnesota Statutes, chapter 477B, are effective for aids payable in 2020 and thereafter.

317.20 Sec. 15. Minnesota Statutes 2018, section 424A.016, subdivision 2, is amended to read:

317.21 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,  
317.22 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
317.23 special fund a defined contribution service pension to each of its members who:

317.24 (1) separates from active service with the fire department;

317.25 (2) reaches age 50;

317.26 (3) completes at least five years of active service as an active member of the fire  
317.27 department to which the relief association is associated;

317.28 (4) completes at least five years of active membership with the relief association before  
317.29 separation from active service; and

317.30 (5) complies with any additional conditions as to age, service, and membership that are  
317.31 prescribed by the bylaws of the relief association.

318.1 (b) In the case of a member who has completed at least five years of active service as  
318.2 an active member of the fire department to which the relief association is associated on the  
318.3 date that the relief association is established and incorporated, the requirement that the  
318.4 member complete at least five years of active membership with the relief association before  
318.5 separation from active service may be waived by the board of trustees of the relief association  
318.6 if the member completes at least five years of inactive membership with the relief association  
318.7 before the date of the payment of the service pension. During the period of inactive  
318.8 membership, the member is not entitled to receive any disability benefit coverage, is not  
318.9 entitled to receive additional individual account allocation of fire state aid or municipal  
318.10 contribution towards a service pension, and is considered to have the status of a person  
318.11 entitled to a deferred service pension.

318.12 (c) The service pension earned by a volunteer under this chapter and the articles of  
318.13 incorporation and bylaws of the relief association may be paid whether or not the municipality  
318.14 or independent nonprofit firefighting corporation to which the relief association is associated  
318.15 qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

318.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

318.17 Sec. 16. Minnesota Statutes 2018, section 424A.016, subdivision 4, is amended to read:

318.18 Subd. 4. **Individual accounts.** (a) An individual account must be established for each  
318.19 firefighter who is a member of the relief association.

318.20 (b) To each individual active member account must be credited an equal share of:

318.21 (1) any amounts of fire state aid and police and firefighter retirement supplemental state  
318.22 aid received by the relief association;

318.23 (2) any amounts of municipal contributions to the relief association raised from levies  
318.24 on real estate or from other available municipal revenue sources exclusive of fire state aid;  
318.25 and

318.26 (3) any amounts equal to the share of the assets of the special fund to the credit of:

318.27 (i) any former member who terminated active service with the fire department to which  
318.28 the relief association is associated before meeting the minimum service requirement provided  
318.29 for in subdivision 2, paragraph (b), and has not returned to active service with the fire  
318.30 department for a period no shorter than five years; or

318.31 (ii) any retired member who retired before obtaining a full nonforfeitable interest in the  
318.32 amounts credited to the individual member account under subdivision 2, paragraph (b), and

319.1 any applicable provision of the bylaws of the relief association. In addition, any investment  
319.2 return on the assets of the special fund must be credited in proportion to the share of the  
319.3 assets of the special fund to the credit of each individual active member account.

319.4 Administrative expenses of the relief association payable from the special fund may be  
319.5 deducted from individual accounts in a manner specified in the bylaws of the relief  
319.6 association.

319.7 (c) If the bylaws so permit and as the bylaws define, the relief association may credit  
319.8 any investment return on the assets of the special fund to the accounts of inactive members.

319.9 (d) Amounts to be credited to individual accounts must be allocated uniformly for all  
319.10 years of active service and allocations must be made for all years of service, except for caps  
319.11 on service credit if so provided in the bylaws of the relief association. Amounts forfeited  
319.12 under paragraph (b), clause (3), before a resumption of active service and membership under  
319.13 section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the  
319.14 resumption of active service and membership. The allocation method may utilize monthly  
319.15 proration for fractional years of service, as the bylaws or articles of incorporation of the  
319.16 relief association so provide. The bylaws or articles of incorporation may define a "month,"  
319.17 but the definition must require a calendar month to have at least 16 days of active service.  
319.18 If the bylaws or articles of incorporation do not define a "month," a "month" is a completed  
319.19 calendar month of active service measured from the member's date of entry to the same date  
319.20 in the subsequent month.

319.21 (e) At the time of retirement under subdivision 2 and any applicable provision of the  
319.22 bylaws of the relief association, a retiring member is entitled to that portion of the assets of  
319.23 the special fund to the credit of the member in the individual member account which is  
319.24 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
319.25 association based on the number of years of service to the credit of the retiring member.

319.26 (f) Annually, the secretary of the relief association shall certify the individual account  
319.27 allocations to the state auditor at the same time that the annual financial statement or financial  
319.28 report and audit of the relief association, whichever applies, is due under section ~~69.051~~  
319.29 424A.014.

319.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

319.31 Sec. 17. Minnesota Statutes 2018, section 424A.02, subdivision 1, is amended to read:

319.32 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles  
319.33 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined

320.1 benefit service pension to each of its members who: (1) separates from active service with  
320.2 the fire department; (2) reaches age 50; (3) completes at least five years of active service  
320.3 as an active member of the fire department to which the relief association is associated; (4)  
320.4 completes at least five years of active membership with the relief association before  
320.5 separation from active service; and (5) complies with any additional conditions as to age,  
320.6 service, and membership that are prescribed by the bylaws of the relief association. A service  
320.7 pension computed under this section may be prorated monthly for fractional years of service  
320.8 as the bylaws or articles of incorporation of the relief association so provide. The bylaws  
320.9 or articles of incorporation may define a "month," but the definition must require a calendar  
320.10 month to have at least 16 days of active service. If the bylaws or articles of incorporation  
320.11 do not define a "month," a "month" is a completed calendar month of active service measured  
320.12 from the member's date of entry to the same date in the subsequent month. The service  
320.13 pension earned by a volunteer firefighter under this chapter and the articles of incorporation  
320.14 and bylaws of the volunteer firefighters relief association may be paid whether or not the  
320.15 municipality or independent nonprofit firefighting corporation to which the relief association  
320.16 is associated qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

320.17 (b) In the case of a member who has completed at least five years of active service as  
320.18 an active member of the fire department to which the relief association is associated on the  
320.19 date that the relief association is established and incorporated, the requirement that the  
320.20 member complete at least five years of active membership with the relief association before  
320.21 separation from active service may be waived by the board of trustees of the relief association  
320.22 if the member completes at least five years of inactive membership with the relief association  
320.23 before the date of the payment of the service pension. During the period of inactive  
320.24 membership, the member is not entitled to receive disability benefit coverage, is not entitled  
320.25 to receive additional service credit towards computation of a service pension, and is  
320.26 considered to have the status of a person entitled to a deferred service pension under  
320.27 subdivision 7.

320.28 (c) No municipality, independent nonprofit firefighting corporation, or joint powers  
320.29 entity may delegate the power to take final action in setting a service pension or ancillary  
320.30 benefit amount or level to the board of trustees of the relief association or to approve in  
320.31 advance a service pension or ancillary benefit amount or level equal to the maximum amount  
320.32 or level that this chapter would allow rather than a specific dollar amount or level.

320.33 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.



321.1 Sec. 18. Minnesota Statutes 2018, section 424A.02, subdivision 3a, is amended to read:

321.2 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a  
321.3 defined benefit relief association pays a service pension greater than the maximum service  
321.4 pension associated with the applicable average amount of available financing per active  
321.5 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,  
321.6 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum  
321.7 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the  
321.8 state auditor shall:

321.9 (1) disqualify the municipality or the independent nonprofit firefighting corporation  
321.10 associated with the relief association from receiving fire state aid by making the appropriate  
321.11 notification to the municipality and the commissioner of revenue, with the disqualification  
321.12 applicable for the next apportionment and payment of fire state aid; and

321.13 (2) order the treasurer of the applicable relief association to recover the amount of the  
321.14 overpaid service pension or pensions from any retired firefighter who received an  
321.15 overpayment.

321.16 (b) Fire state aid amounts from disqualified municipalities for the period of  
321.17 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire  
321.18 insurance premium tax proceeds available for the next subsequent fire state aid  
321.19 apportionment.

321.20 (c) The amount of any overpaid service pension recovered under paragraph (a), clause  
321.21 (2), must be credited to the amount of fire insurance premium tax proceeds available for  
321.22 the next subsequent fire state aid apportionment.

321.23 (d) The determination of the state auditor that a relief association has paid a service  
321.24 pension greater than the applicable maximum must be made on the basis of the information  
321.25 filed by the relief association and the municipality with the state auditor under ~~sections~~  
321.26 ~~69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, this chapter and~~  
321.27 any other relevant information that comes to the attention of the state auditor. The  
321.28 determination of the state auditor is final. An aggrieved municipality, relief association, or  
321.29 person may appeal the determination under section 480A.06.

321.30 (e) The state auditor may certify, upon learning that a relief association overpaid a service  
321.31 pension based on an error in the maximum service pension calculation, the municipality or  
321.32 independent nonprofit firefighting corporation associated with the relief association for fire  
321.33 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief  
321.34 association has initiated recovery of any overpayment amount. Notwithstanding paragraph

322.1 (c), all overpayments recovered under this paragraph must be credited to the relief  
322.2 association's special fund.

322.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

322.4 Sec. 19. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

322.5 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined  
322.6 benefit relief association to which this section applies must file a revised copy of its governing  
322.7 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws  
322.8 by the relief association or upon the approval of any amendment to its governing bylaws  
322.9 granted by the governing body of each municipality served by the fire department to which  
322.10 the relief association is directly associated. Failure of the relief association to file a copy of  
322.11 the bylaws or any bylaw amendments with the state auditor disqualifies the municipality  
322.12 from the distribution of any future fire state aid until this filing requirement has been  
322.13 completed.

322.14 (b) If the special fund of the relief association does not have a surplus over full funding  
322.15 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision  
322.16 4, and if the municipality is required to provide financial support to the special fund of the  
322.17 relief association under section 424A.092 or 424A.093, no bylaw amendment which would  
322.18 affect the amount of, the manner of payment of, or the conditions for qualification for service  
322.19 pensions or ancillary benefits or disbursements other than administrative expenses authorized  
322.20 under section ~~69.80~~ 424A.05, subdivision 3b, payable from the special fund of the relief  
322.21 association is effective until it has been ratified as required under section 424A.092,  
322.22 subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has  
322.23 a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, subdivision  
322.24 4, and if the municipality is not required to provide financial support to the special fund  
322.25 under this section, the relief association may adopt or amend without municipal ratification  
322.26 its articles of incorporation or bylaws which increase or otherwise affect the service pensions  
322.27 or ancillary benefits payable from the special fund if authorized under section 424A.092,  
322.28 subdivision 6, or 424A.093, subdivision 6.

322.29 (c) If the relief association pays only a lump-sum pension, the financial requirements  
322.30 are to be determined by the board of trustees following the preparation of an estimate of  
322.31 the expected increase in the accrued liability and annual accruing liability of the relief  
322.32 association attributable to the change. If the relief association pays a monthly benefit service  
322.33 pension, the financial requirements are to be determined by the board of trustees following  
322.34 either an updated actuarial valuation including the proposed change or an estimate of the

323.1 expected actuarial impact of the proposed change prepared by the actuary of the relief  
323.2 association. If a relief association adopts or amends its articles of incorporation or bylaws  
323.3 without municipal ratification under this subdivision, and, subsequent to the amendment or  
323.4 adoption, the financial requirements of the special fund under this section are such so as to  
323.5 require financial support from the municipality, the provision which was implemented  
323.6 without municipal ratification is no longer effective without municipal ratification, and any  
323.7 service pensions or ancillary benefits payable after that date must be paid only in accordance  
323.8 with the articles of incorporation or bylaws as amended or adopted with municipal  
323.9 ratification.

323.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

323.11 Sec. 20. Minnesota Statutes 2018, section 424A.03, subdivision 2, is amended to read:

323.12 Subd. 2. **Penalties for violations.** A municipality which has a fire department associated  
323.13 with a relief association which violates the provisions of subdivision 1 is directly associated  
323.14 or which contracts with an independent nonprofit firefighting corporation associated with  
323.15 a relief association which violates the provisions of subdivision 1 is a subsidiary may not  
323.16 be included in the apportionment of fire state aid to the applicable county auditor and police  
323.17 and firefighter retirement supplemental state aid payable under section 69.021, subdivision  
323.18 6, chapter 477B and section 423A.022 and may not be included in the apportionment of  
323.19 fire state aid by the county auditor to the various municipalities under section 69.021,  
323.20 subdivision 7 477B.03.

323.21 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

323.22 Sec. 21. Minnesota Statutes 2018, section 424A.05, subdivision 2, is amended to read:

323.23 Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all  
323.24 fire state aid and police and firefighter retirement supplemental state aid received under  
323.25 sections 69.011 to 69.051 chapter 477B and section 423A.022, all taxes levied by or other  
323.26 revenues received from the municipality under sections 424A.091 to 424A.096 or any  
323.27 applicable special law requiring municipal support for the relief association, any funds or  
323.28 property donated, given, granted or devised by any person which is specified for use for the  
323.29 support of the special fund and any interest or investment return earned upon the assets of  
323.30 the special fund. The treasurer of the relief association is the custodian of the assets of the  
323.31 special fund and must be the recipient on behalf of the special fund of all revenues payable  
323.32 to the special fund. The treasurer shall maintain adequate records documenting any  
323.33 transaction involving the assets or the revenues of the special fund. These records and the

324.1 bylaws of the relief association are public and must be open for inspection by any member  
324.2 of the relief association, any officer or employee of the state or of the municipality, or any  
324.3 member of the public, at reasonable times and places.

324.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

324.5 Sec. 22. Minnesota Statutes 2018, section 424A.05, subdivision 3, is amended to read:

324.6 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the  
324.7 special fund may not be made for any purpose other than one of the following:

324.8 (1) for the payment of service pensions to retired members of the relief association if  
324.9 authorized and paid under law and the bylaws governing the relief association;

324.10 (2) for the purchase of an annuity for the applicable person under section 424A.015,  
324.11 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's  
324.12 individual retirement account under section 424A.015, subdivision 4, or to the applicable  
324.13 person's account in the Minnesota deferred compensation plan under section 424A.015,  
324.14 subdivision 5;

324.15 (3) for the payment of temporary or permanent disability benefits to disabled members  
324.16 of the relief association if authorized and paid under law and specified in amount in the  
324.17 bylaws governing the relief association;

324.18 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate  
324.19 of the deceased active or deferred firefighter, if authorized and paid under law and specified  
324.20 in amount in the bylaws governing the relief association;

324.21 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire  
324.22 Department Association and to the Minnesota State Fire Chiefs Association in order to  
324.23 entitle relief association members to membership in and the benefits of these associations  
324.24 or organizations;

324.25 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
324.26 Association, or an insurance company licensed by the state of Minnesota offering casualty  
324.27 insurance, in order to entitle relief association members to membership in and the benefits  
324.28 of the association or organization; and

324.29 (7) for the payment of administrative expenses of the relief association as authorized  
324.30 under ~~section 69.80~~ subdivision 3b.

324.31 (b) Checks or authorizations for electronic fund transfers for disbursements authorized  
324.32 by this section must be signed by the relief association treasurer and at least one other elected

325.1 trustee who has been designated by the board of trustees to sign the checks or authorizations.  
325.2 A relief association may make disbursements authorized by this subdivision by electronic  
325.3 fund transfers only if the specific method of payment and internal control policies and  
325.4 procedures regarding the method are approved by the board of trustees.

325.5 **EFFECTIVE DATE.** This section is effective July 1, 2019.

325.6 Sec. 23. Minnesota Statutes 2018, section 424A.07, is amended to read:

325.7 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**  
325.8 **OF RELIEF ASSOCIATIONS.**

325.9 Before paying any service pensions or retirement benefits under section 424A.02 or  
325.10 before becoming entitled to receive any amounts of fire state aid upon transmittal from a  
325.11 contracting municipality under section ~~69.031, subdivision 5~~ 477B.04, subdivision 3, an  
325.12 independent nonprofit firefighting corporation shall establish a volunteer firefighters relief  
325.13 association governed by this chapter.

325.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

325.15 Sec. 24. Minnesota Statutes 2018, section 424A.091, subdivision 3, is amended to read:

325.16 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which  
325.17 there exists a firefighters relief association as specified in subdivision 1 which does not  
325.18 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions  
325.19 of any applicable special law relating to the funding or financing of the association does  
325.20 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under  
325.21 ~~sections 69.011 to 69.051~~ chapter 477B until the reason for the disqualification specified  
325.22 by the state auditor is remedied, whereupon the municipality or relief association, if otherwise  
325.23 qualified, is entitled to again receive fire state aid for the year occurring immediately  
325.24 subsequent to the year in which the disqualification is remedied.

325.25 (b) The state auditor shall determine if a municipality to which a firefighters' relief  
325.26 association is directly associated or a firefighters relief association fails to comply with the  
325.27 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any  
325.28 applicable special law based upon the information contained in the annual financial report  
325.29 of the firefighters relief association required under section ~~69.051~~ 424A.014, the actuarial  
325.30 valuation of the relief association, if applicable, the relief association officers' financial  
325.31 requirements of the relief association and minimum municipal obligation determination  
325.32 documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4

326.1 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable  
326.2 municipal or independent nonprofit firefighting corporation budget, if requested to be filed  
326.3 by the state auditor, and any other relevant documents or reports obtained by the state  
326.4 auditor.

326.5 (c) The municipality or independent nonprofit firefighting corporation and the associated  
326.6 relief association are not eligible to receive or to retain fire state aid if:

326.7 (1) the relief association fails to prepare or to file the financial report or financial  
326.8 statement under section ~~69.051~~ 424A.014;

326.9 (2) the relief association treasurer is not bonded in the manner and in the amount required  
326.10 by section ~~69.051, subdivision 2~~ 424A.014, subdivision 4;

326.11 (3) the relief association officers fail to determine or improperly determine the accrued  
326.12 liability and the annual accruing liability of the relief association under section 424A.092,  
326.13 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

326.14 (4) if applicable, the relief association officers fail to obtain and file a required actuarial  
326.15 valuation or the officers file an actuarial valuation that does not contain the special fund  
326.16 actuarial liability calculated under the entry age normal actuarial cost method, the special  
326.17 fund current assets, the special fund unfunded actuarial accrued liability, the special fund  
326.18 normal cost under the entry age normal actuarial cost method, the amortization requirement  
326.19 for the special fund unfunded actuarial accrued liability by the applicable target date, a  
326.20 summary of the applicable benefit plan, a summary of the membership of the relief  
326.21 association, a summary of the actuarial assumptions used in preparing the valuation, and a  
326.22 signed statement by the actuary attesting to its results and certifying to the qualifications of  
326.23 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

326.24 (5) the municipality failed to provide a municipal contribution, or the independent  
326.25 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount  
326.26 equal to the minimum municipal obligation if the relief association is governed under section  
326.27 424A.092, or the amount necessary, when added to the fire state aid actually received in  
326.28 the plan year in question, to at least equal in total the calculated annual financial requirements  
326.29 of the special fund of the relief association if the relief association is governed under section  
326.30 424A.093, and, if the municipal or corporate contribution is deficient, the municipality  
326.31 failed to include the minimum municipal obligation certified under section 424A.092,  
326.32 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent  
326.33 nonprofit firefighting corporation failed to include the minimum corporate obligation certified  
326.34 under section 424A.094, subdivision 2, in the corporate budget;

327.1 (6) the defined benefit relief association did not receive municipal ratification for the  
327.2 most recent plan amendment when municipal ratification was required under section 424A.02,  
327.3 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

327.4 (7) the relief association invested special fund assets in an investment security that is  
327.5 not authorized under section 424A.095;

327.6 (8) the relief association had an administrative expense that is not authorized under  
327.7 section ~~69.80~~ or 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that  
327.8 is not authorized under section 424A.08;

327.9 (9) the relief association officers fail to provide a complete and accurate public pension  
327.10 plan investment portfolio and performance disclosure under section 356.219;

327.11 (10) the relief association fails to obtain the acknowledgment from a broker of the  
327.12 statement of investment restrictions under section 356A.06, subdivision 8b;

327.13 (11) the relief association officers permitted to occur a prohibited transaction under  
327.14 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction  
327.15 of a prohibited transaction that did occur; or

327.16 (12) the relief association pays a defined benefit service pension in an amount that is in  
327.17 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

327.18 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to  
327.19 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

327.20 Sec. 25. Minnesota Statutes 2018, section 424A.092, subdivision 3, is amended to read:

327.21 Subd. 3. **Financial requirements of relief association; minimum obligation of**  
327.22 **municipality.** (a) During the month of July, the officers of the relief association shall  
327.23 determine the overall funding balance of the special fund for the current calendar year, the  
327.24 financial requirements of the special fund for the following calendar year and the minimum  
327.25 obligation of the municipality with respect to the special fund for the following calendar  
327.26 year in accordance with the requirements of this subdivision.

327.27 (b) The overall funding balance of the special fund for the current calendar year must  
327.28 be determined in the following manner:

327.29 (1) The total accrued liability of the special fund for all active and deferred members of  
327.30 the relief association as of December 31 of the current year must be calculated under  
327.31 subdivisions 2 and 2a, if applicable.

328.1 (2) The total present assets of the special fund projected to December 31 of the current  
328.2 year, including receipts by and disbursements from the special fund anticipated to occur on  
328.3 or before December 31, must be calculated. To the extent possible, for those assets for which  
328.4 a market value is readily ascertainable, the current market value as of the date of the  
328.5 calculation for those assets must be utilized in making this calculation. For any asset for  
328.6 which no market value is readily ascertainable, the cost value or the book value, whichever  
328.7 is applicable, must be utilized in making this calculation.

328.8 (3) The amount of the total present assets of the special fund calculated under clause (2)  
328.9 must be subtracted from the amount of the total accrued liability of the special fund calculated  
328.10 under clause (1). If the amount of total present assets exceeds the amount of the total accrued  
328.11 liability, then the special fund is considered to have a surplus over full funding. If the amount  
328.12 of the total present assets is less than the amount of the total accrued liability, then the  
328.13 special fund is considered to have a deficit from full funding. If the amount of total present  
328.14 assets is equal to the amount of the total accrued liability, then the special fund is considered  
328.15 to be fully funded.

328.16 (c) The financial requirements of the special fund for the following calendar year must  
328.17 be determined in the following manner:

328.18 (1) The total accrued liability of the special fund for all active and deferred members of  
328.19 the relief association as of December 31 of the calendar year next following the current  
328.20 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

328.21 (2) The increase in the total accrued liability of the special fund for the following calendar  
328.22 year over the total accrued liability of the special fund for the current year must be calculated.

328.23 (3) The amount of anticipated future administrative expenses of the special fund must  
328.24 be calculated by multiplying the dollar amount of the administrative expenses of the special  
328.25 fund for the most recent prior calendar year by the factor of 1.035.

328.26 (4) If the special fund is fully funded, the financial requirements of the special fund for  
328.27 the following calendar year are the total of the amounts calculated under clauses (2) and  
328.28 (3).

328.29 (5) If the special fund has a deficit from full funding, the financial requirements of the  
328.30 special fund for the following calendar year are the financial requirements of the special  
328.31 fund calculated as though the special fund were fully funded under clause (4) plus an amount  
328.32 equal to one-tenth of the original amount of the deficit from full funding of the special fund  
328.33 as determined under clause (2) resulting either from an increase in the amount of the service  
328.34 pension occurring in the last ten years or from a net annual investment loss occurring during



329.1 the last ten years until each increase in the deficit from full funding is fully retired. The  
329.2 annual amortization contribution under this clause may not exceed the amount of the deficit  
329.3 from full funding.

329.4 (6) If the special fund has a surplus over full funding, the financial requirements of the  
329.5 special fund for the following calendar year are the financial requirements of the special  
329.6 fund calculated as though the special fund were fully funded under clause (4) reduced by  
329.7 an amount equal to one-tenth of the amount of the surplus over full funding of the special  
329.8 fund.

329.9 (d) The minimum obligation of the municipality with respect to the special fund is the  
329.10 financial requirements of the special fund reduced by the amount of any fire state aid and  
329.11 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~  
329.12 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the  
329.13 municipality for transmittal to the special fund during the following calendar year, an amount  
329.14 of interest on the assets of the special fund projected to the beginning of the following  
329.15 calendar year calculated at the rate of five percent per annum, and the amount of any  
329.16 contributions to the special fund required by the relief association bylaws from the active  
329.17 members of the relief association reasonably anticipated to be received during the following  
329.18 calendar year. A reasonable amount of anticipated fire state aid is an amount that does not  
329.19 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

329.20 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

329.21 Sec. 26. Minnesota Statutes 2018, section 424A.092, subdivision 4, is amended to read:

329.22 Subd. 4. **Certification of financial requirements and minimum municipal obligation;**  
329.23 **levy.** (a) The officers of the relief association shall certify the financial requirements of the  
329.24 special fund of the relief association and the minimum obligation of the municipality with  
329.25 respect to the special fund of the relief association as determined under subdivision 3 on or  
329.26 before August 1 of each year. The certification must be made to the entity that is responsible  
329.27 for satisfying the minimum obligation with respect to the special fund of the relief association.  
329.28 If the responsible entity is a joint powers entity, the certification must be made in the manner  
329.29 specified in the joint powers agreement, or if the joint powers agreement is silent on this  
329.30 point, the certification must be made to the chair of the joint powers board.

329.31 (b) The financial requirements of the relief association and the minimum municipal  
329.32 obligation must be included in the financial report or financial statement under section  
329.33 ~~69.051~~ 424A.014. The schedule forms related to the determination of the financial  
329.34 requirements must be filed with the state auditor by March 31, annually, if the relief

330.1 association is required to file a financial statement under section ~~69.051, subdivision 1a~~  
330.2 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file  
330.3 a financial report and audit under section ~~69.051, subdivision 1~~ 424A.014, subdivision 1.

330.4 (c) The municipality shall provide for at least the minimum obligation of the municipality  
330.5 with respect to the special fund of the relief association by tax levy or from any other source  
330.6 of public revenue.

330.7 (d) The municipality may levy taxes for the payment of the minimum municipal obligation  
330.8 without any limitation as to rate or amount and irrespective of any limitations imposed by  
330.9 other provisions of law upon the rate or amount of taxation until the balance of the special  
330.10 fund or any fund of the relief association has attained a specified level. In addition, any  
330.11 taxes levied under this section must not cause the amount or rate of any other taxes levied  
330.12 in that year or to be levied in a subsequent year by the municipality which are subject to a  
330.13 limitation as to rate or amount to be reduced.

330.14 (e) If the municipality does not include the full amount of the minimum municipal  
330.15 obligations in its levy for any year, the officers of the relief association shall certify that  
330.16 amount to the county auditor, who shall spread a levy in the amount of the certified minimum  
330.17 municipal obligation on the taxable property of the municipality.

330.18 (f) If the state auditor determines that a municipal contribution actually made in a plan  
330.19 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
330.20 state auditor may request a copy of the certifications under this subdivision from the relief  
330.21 association or from the city. The relief association or the city, whichever applies, must  
330.22 provide the certifications within 14 days of the date of the request from the state auditor.

330.23 **EFFECTIVE DATE.** This section is effective July 1, 2019.

330.24 Sec. 27. Minnesota Statutes 2018, section 424A.093, subdivision 5, is amended to read:

330.25 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall  
330.26 determine the minimum obligation of the municipality with respect to the special fund of  
330.27 the relief association for the following calendar year on or before August 1 of each year in  
330.28 accordance with the requirements of this subdivision.

330.29 (b) The minimum obligation of the municipality with respect to the special fund is an  
330.30 amount equal to the financial requirements of the special fund of the relief association  
330.31 determined under subdivision 4, reduced by the estimated amount of any fire state aid and  
330.32 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~  
330.33 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the

331.1 municipality for transmittal to the special fund of the relief association during the following  
331.2 year and the amount of any anticipated contributions to the special fund required by the  
331.3 relief association bylaws from the active members of the relief association reasonably  
331.4 anticipated to be received during the following calendar year. A reasonable amount of  
331.5 anticipated fire state aid is an amount that does not exceed the fire state aid actually received  
331.6 in the prior year multiplied by the factor 1.035.

331.7 (c) The officers of the relief association shall certify the financial requirements of the  
331.8 special fund of the relief association and the minimum obligation of the municipality with  
331.9 respect to the special fund of the relief association as determined under subdivision 4 and  
331.10 this subdivision by August 1 of each year. The certification must be made to the entity that  
331.11 is responsible for satisfying the minimum obligation with respect to the special fund of the  
331.12 relief association. If the responsible entity is a joint powers entity, the certification must be  
331.13 made in the manner specified in the joint powers agreement, or if the joint powers agreement  
331.14 is silent on this point, the certification must be made to the chair of the joint powers board.

331.15 (d) The financial requirements of the relief association and the minimum municipal  
331.16 obligation must be included in the financial report or financial statement under section  
331.17 ~~69.051~~ 424A.014.

331.18 (e) The municipality shall provide for at least the minimum obligation of the municipality  
331.19 with respect to the special fund of the relief association by tax levy or from any other source  
331.20 of public revenue. The municipality may levy taxes for the payment of the minimum  
331.21 municipal obligation without any limitation as to rate or amount and irrespective of any  
331.22 limitations imposed by other provisions of law or charter upon the rate or amount of taxation  
331.23 until the balance of the special fund or any fund of the relief association has attained a  
331.24 specified level. In addition, any taxes levied under this section must not cause the amount  
331.25 or rate of any other taxes levied in that year or to be levied in a subsequent year by the  
331.26 municipality which are subject to a limitation as to rate or amount to be reduced.

331.27 (f) If the municipality does not include the full amount of the minimum municipal  
331.28 obligation in its levy for any year, the officers of the relief association shall certify that  
331.29 amount to the county auditor, who shall spread a levy in the amount of the minimum  
331.30 municipal obligation on the taxable property of the municipality.

331.31 (g) If the state auditor determines that a municipal contribution actually made in a plan  
331.32 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the  
331.33 state auditor may request from the relief association or from the city a copy of the

332.1 certifications under this subdivision. The relief association or the city, whichever applies,  
332.2 must provide the certifications within 14 days of the date of the request from the state auditor.

332.3 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to  
332.4 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

332.5 Sec. 28. Minnesota Statutes 2018, section 424B.09, is amended to read:

332.6 **424B.09 ADMINISTRATIVE EXPENSES.**

332.7 The payment of authorized administrative expenses of the subsequent volunteer  
332.8 firefighters relief association must be from the special fund of the subsequent volunteer  
332.9 firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b,  
332.10 and as provided for in the bylaws of the subsequent volunteer firefighters relief association  
332.11 and approved by the board of trustees of the subsequent volunteer firefighters relief  
332.12 association. The payment of any other expenses of the subsequent volunteer firefighters  
332.13 relief association must be from the general fund of the subsequent volunteer firefighters  
332.14 relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided  
332.15 for in the bylaws of the subsequent volunteer firefighters relief association and approved  
332.16 by the board of trustees of the subsequent volunteer firefighters relief association.

332.17 **EFFECTIVE DATE.** This section is effective July 1, 2019.

332.18 Sec. 29. **REPEALER.**

332.19 Minnesota Statutes 2018, section 69.022, is repealed.

332.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## 332.21 **ARTICLE 21**

### 332.22 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

332.23 Section 1. Minnesota Statutes 2018, section 270B.08, subdivision 2, is amended to read:

332.24 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been  
332.25 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose  
332.26 to any person data identifying the holder of the revoked or canceled permit, stating the basis  
332.27 for the revocation or cancellation, the date of the revocation or cancellation, and stating  
332.28 whether the if a revoked or canceled permit has been reinstated, the date upon which the  
332.29 permit was reinstated.

332.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

333.1 Sec. 2. Minnesota Statutes 2018, section 297A.84, is amended to read:

333.2 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

333.3 Subdivision 1. Definitions. (a) The following definitions apply for the purposes of this  
333.4 section.

333.5 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes  
333.6 any officer of a corporation or member of a partnership.

333.7 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable  
333.8 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been  
333.9 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

333.10 Subd. 2. Permits issued. Except as provided in subdivision 3, the commissioner shall  
333.11 must issue a permit to each applicant who has complied with section 297A.83, and with  
333.12 section 297A.92 if security is required. A person is considered to have a permit if the person  
333.13 has a Minnesota tax identification number issued by the commissioner that is currently  
333.14 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is  
333.15 not assignable and is valid only for the person in whose name it is granted and for the  
333.16 transaction of business at the places designated on the permit.

333.17 Subd. 3. Permits not issued. (a) Except as provided in paragraph (b), the commissioner  
333.18 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

333.19 (b) The commissioner must issue a permit to an applicant if an appeal period of an order  
333.20 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner  
333.21 may cancel a permit issued under this paragraph in the manner provided in subdivision 4  
333.22 if the applicant owes delinquent sales tax after the appeal period has ended.

333.23 Subd. 4. Nonconforming permits; cancellation; reissue. (a) If the commissioner issues  
333.24 a permit that does not conform with the requirements of this section or applicable rules, the  
333.25 commissioner may cancel the permit upon notice to the permit holder. The notice must be  
333.26 served by first class and certified mail at the permit holder's last known address. The  
333.27 cancellation is effective immediately.

333.28 (b) If a permit holder shows that a canceled permit was issued in conformance with the  
333.29 requirements of this section and applicable rules, the commissioner must reissue the permit.

333.30 EFFECTIVE DATE. This section is effective for permit applications filed after  
333.31 December 31, 2019.

334.1 Sec. 3. Minnesota Statutes 2018, section 297A.85, is amended to read:

334.2 **297A.85 CANCELLATION OF PERMITS.**

334.3 The commissioner may cancel a permit if one of the following conditions occurs:

334.4 (1) the permit holder has not filed a sales or use tax return for at least one year;

334.5 (2) the permit holder has not reported any sales or use tax liability on the permit holder's  
334.6 returns for at least two years;

334.7 (3) the permit holder requests cancellation of the permit; ~~or~~

334.8 (4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision  
334.9 2, paragraph (a); or

334.10 (5) the permit is subject to cancellation under section 297A.84.

334.11 **EFFECTIVE DATE.** This section is effective for permit applications filed after  
334.12 December 31, 2019.

334.13 Sec. 4. Minnesota Statutes 2018, section 469.190, subdivision 1, is amended to read:

334.14 Subdivision 1. **Authorization.** (a) Notwithstanding section 477A.016 or any other law,  
334.15 a statutory or home rule charter city may by ordinance, and a town may by the affirmative  
334.16 vote of the electors at the annual town meeting, or at a special town meeting, impose a tax  
334.17 of up to three percent on the gross receipts from the furnishing for consideration of lodging  
334.18 at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing  
334.19 of it for a continuous period of 30 days or more. A statutory or home rule charter city may  
334.20 by ordinance impose the tax authorized under this subdivision on the camping site receipts  
334.21 of a municipal campground.

334.22 (b) Regardless of whether the tax is collected locally or by the state, the tax imposed  
334.23 under this subdivision or under a special law applies to the entire consideration paid to  
334.24 obtain access to lodging, including ancillary or related services, such as services provided  
334.25 by an accommodations intermediary as defined in section 297A.61, subdivision 47, and  
334.26 similar services.

334.27 **EFFECTIVE DATE; APPLICATION.** This section is effective for sales and purchases  
334.28 made after June 30, 2019. The legislature does not intend enactment of this section to create  
334.29 a presumption regarding the intent of prior legislatures to include or exclude services provided  
334.30 by an accommodations intermediary as defined in Minnesota Statutes, section 297A.61,  
334.31 subdivision 47, in the definition of lodging under Minnesota Statutes, section 469.190, or  
334.32 any special law granting authority to impose a tax on lodging.

335.1 Sec. 5. Minnesota Statutes 2018, section 469.190, subdivision 7, is amended to read:

335.2 Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the  
335.3 commissioner of revenue that a tax imposed pursuant to this section shall be collected by  
335.4 the commissioner together with the tax imposed by chapter 297A, and subject to the same  
335.5 interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be  
335.6 remitted to the city.

335.7 (b) If a tax under this section or a special law is not collected by the commissioner of  
335.8 revenue, the local government imposing the tax may by ordinance limit the required filing  
335.9 and remittance of the tax by an accommodations intermediary as defined in section 297A.61,  
335.10 subdivision 47, to once every calendar year. If the ordinance limits the filing and remittance  
335.11 of the tax in this manner, then:

335.12 (1) the due date is October 20;

335.13 (2) the local government must inform the accommodations intermediary of the due date  
335.14 of the filing and remittance; and

335.15 (3) the local government must also electronically provide an accommodations  
335.16 intermediary with geographic and zip code information necessary to collect the tax.

335.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

335.18 Sec. 6. **REPEALER.**

335.19 Minnesota Statutes 2018, section 270C.131, is repealed.

335.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## 335.21 **ARTICLE 22**

### 335.22 **DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES**

335.23 Section 1. Minnesota Statutes 2018, section 272.02, subdivision 27, is amended to read:

335.24 Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~**  
335.25 **veterans with a disability.** Real and personal property is exempt if it is located in the  
335.26 Superior National Forest, and owned or leased and operated by a nonprofit organization  
335.27 that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue  
335.28 Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a  
335.29 disability and their families.

335.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

336.1 Sec. 2. Minnesota Statutes 2018, section 272.02, subdivision 81, is amended to read:

336.2 Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability.** Real  
336.3 and personal property is exempt if it is located in a county in the metropolitan area with a  
336.4 population of less than 500,000 according to the 2000 federal census, and owned or leased  
336.5 and operated by a nonprofit organization, and primarily used to provide recreational  
336.6 opportunities for ~~disabled~~ veterans with a disability and their families.

336.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

336.8 Sec. 3. Minnesota Statutes 2018, section 273.032, is amended to read:

336.9 **273.032 MARKET VALUE DEFINITION.**

336.10 (a) Unless otherwise provided, for the purpose of determining any property tax levy  
336.11 limitation based on market value or any limit on net debt, the issuance of bonds, certificates  
336.12 of indebtedness, or capital notes based on market value, any qualification to receive state  
336.13 aid based on market value, or any state aid amount based on market value, the terms "market  
336.14 value," "estimated market value," and "market valuation," whether equalized or unequalized,  
336.15 mean the estimated market value of taxable property within the local unit of government  
336.16 before any of the following or similar adjustments for:

336.17 (1) the market value exclusions under:

336.18 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

336.19 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

336.20 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

336.21 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

336.22 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or  
336.23 family caregiver); or

336.24 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

336.25 (2) the deferment of value under:

336.26 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

336.27 (ii) the Aggregate Resource Preservation Law, section 273.1115;

336.28 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

336.29 (iv) the rural preserves property tax program, section 273.114; or

336.30 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or



337.1 (3) the adjustments to tax capacity for:

337.2 (i) tax increment financing under sections 469.174 to 469.1794;

337.3 (ii) fiscal disparities under chapter 276A or 473F; or

337.4 (iii) powerline credit under section 273.425.

337.5 (b) Estimated market value under paragraph (a) also includes the market value of  
337.6 tax-exempt property if the applicable law specifically provides that the limitation,  
337.7 qualification, or aid calculation includes tax-exempt property.

337.8 (c) Unless otherwise provided, "market value," "estimated market value," and "market  
337.9 valuation" for purposes of property tax levy limitations and calculation of state aid, refer  
337.10 to the estimated market value for the previous assessment year and for purposes of limits  
337.11 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the  
337.12 estimated market value as last finally equalized.

337.13 (d) For purposes of a provision of a home rule charter or of any special law that is not  
337.14 codified in the statutes and that imposes a levy limitation based on market value or any limit  
337.15 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market  
337.16 value, the terms "market value," "taxable market value," and "market valuation," whether  
337.17 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

337.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

337.19 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 22, is amended to read:

337.20 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and  
337.21 (c), real estate which is residential and used for homestead purposes is class 1a. In the case  
337.22 of a duplex or triplex in which one of the units is used for homestead purposes, the entire  
337.23 property is deemed to be used for homestead purposes. The market value of class 1a property  
337.24 must be determined based upon the value of the house, garage, and land.

337.25 The first \$500,000 of market value of class 1a property has a net classification rate of  
337.26 one percent of its market value; and the market value of class 1a property that exceeds  
337.27 \$500,000 has a classification rate of 1.25 percent of its market value.

337.28 (b) Class 1b property includes homestead real estate or homestead manufactured homes  
337.29 used for the purposes of a homestead by:

337.30 (1) any person who is blind as defined in section 256D.35, or the ~~blind~~ person who is  
337.31 blind and the ~~blind person's~~ spouse of the person who is blind;

338.1 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with  
338.2 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

338.3 (3) the surviving spouse of a veteran who was permanently and totally disabled ~~veteran~~  
338.4 homesteading a property classified under this paragraph for taxes payable in 2008.

338.5 Property is classified and assessed under clause (2) only if the government agency or  
338.6 income-providing source certifies, upon the request of the homestead occupant, that the  
338.7 homestead occupant satisfies the disability requirements of this paragraph, and that the  
338.8 property is not eligible for the valuation exclusion under subdivision 34.

338.9 Property is classified and assessed under paragraph (b) only if the commissioner of  
338.10 revenue or the county assessor certifies that the homestead occupant satisfies the requirements  
338.11 of this paragraph.

338.12 Permanently and totally disabled for the purpose of this subdivision means a condition  
338.13 which is permanent in nature and totally incapacitates the person from working at an  
338.14 occupation which brings the person an income. The first \$50,000 market value of class 1b  
338.15 property has a net classification rate of .45 percent of its market value. The remaining market  
338.16 value of class 1b property is classified as class 1a or class 2a property, whichever is  
338.17 appropriate.

338.18 (c) Class 1c property is commercial use real and personal property that abuts public  
338.19 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
338.20 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
338.21 occupancy for recreational purposes but not devoted to commercial purposes for more than  
338.22 250 days in the year preceding the year of assessment, and that includes a portion used as  
338.23 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
338.24 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
338.25 resort, or a member of a limited liability company that owns the resort even if the title to  
338.26 the homestead is held by the corporation, partnership, or limited liability company. For  
338.27 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
338.28 if any portion of the property, excluding the portion used exclusively as a homestead, is  
338.29 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
338.30 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
338.31 condominium, townhouse, sleeping room, or individual camping site equipped with water  
338.32 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
338.33 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
338.34 or cross-country ski equipment; provide marina services, launch services, or guide services;

339.1 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
339.2 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
339.3 for class 1c even though it may remain available for rent. A camping pad offered for rent  
339.4 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
339.5 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
339.6 the same owner owns two separate parcels that are located in the same township, and one  
339.7 of those properties is classified as a class 1c property and the other would be eligible to be  
339.8 classified as a class 1c property if it was used as the homestead of the owner, both properties  
339.9 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
339.10 deemed to be owned by the same owner if each of them is owned by a limited liability  
339.11 company, and both limited liability companies have the same membership. The portion of  
339.12 the property used as a homestead is class 1a property under paragraph (a). The remainder  
339.13 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
339.14 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
339.15 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
339.16 percent. Owners of real and personal property devoted to temporary and seasonal residential  
339.17 occupancy for recreation purposes in which all or a portion of the property was devoted to  
339.18 commercial purposes for not more than 250 days in the year preceding the year of assessment  
339.19 desiring classification as class 1c, must submit a declaration to the assessor designating the  
339.20 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
339.21 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
339.22 the land on which they are located must be designated as class 1c as otherwise provided.  
339.23 The remainder of the cabins or units and a proportionate share of the land on which they  
339.24 are located must be designated as class 3a commercial. The owner of property desiring  
339.25 designation as class 1c property must provide guest registers or other records demonstrating  
339.26 that the units for which class 1c designation is sought were not occupied for more than 250  
339.27 days in the year preceding the assessment if so requested. The portion of a property operated  
339.28 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
339.29 other nonresidential facility operated on a commercial basis not directly related to temporary  
339.30 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

339.31 (d) Class 1d property includes structures that meet all of the following criteria:

339.32 (1) the structure is located on property that is classified as agricultural property under  
339.33 section 273.13, subdivision 23;

339.34 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
339.35 they work on that farm, and the occupants are not charged rent for the privilege of occupying

340.1 the property, provided that use of the structure for storage of farm equipment and produce  
340.2 does not disqualify the property from classification under this paragraph;

340.3 (3) the structure meets all applicable health and safety requirements for the appropriate  
340.4 season; and

340.5 (4) the structure is not salable as residential property because it does not comply with  
340.6 local ordinances relating to location in relation to streets or roads.

340.7 The market value of class 1d property has the same classification rates as class 1a property  
340.8 under paragraph (a).

340.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

340.10 Sec. 5. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

340.11 Subd. 34. **Homestead of ~~disabled~~ veteran with a disability or family caregiver.** (a)

340.12 All or a portion of the market value of property owned by a veteran and serving as the  
340.13 veteran's homestead under this section is excluded in determining the property's taxable  
340.14 market value if the veteran has a service-connected disability of 70 percent or more as  
340.15 certified by the United States Department of Veterans Affairs. To qualify for exclusion  
340.16 under this subdivision, the veteran must have been honorably discharged from the United  
340.17 States armed forces, as indicated by United States Government Form DD214 or other official  
340.18 military discharge papers.

340.19 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,  
340.20 except as provided in clause (2); and

340.21 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is  
340.22 excluded.

340.23 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under  
340.24 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the  
340.25 veteran the spouse holds the legal or beneficial title to the homestead and permanently  
340.26 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the  
340.27 current taxes payable year and for eight additional taxes payable years or until such time  
340.28 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever  
340.29 comes first. Qualification under this paragraph requires an application under paragraph (h),  
340.30 and a spouse must notify the assessor if there is a change in the spouse's marital status,  
340.31 ownership of the property, or use of the property as a permanent residence.

341.1 (d) If the spouse of a member of any branch or unit of the United States armed forces  
341.2 who dies due to a service-connected cause while serving honorably in active service, as  
341.3 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
341.4 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
341.5 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such  
341.6 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,  
341.7 whichever comes first.

341.8 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property  
341.9 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary  
341.10 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify  
341.11 for under paragraph (b).

341.12 (f) In the case of an agricultural homestead, only the portion of the property consisting  
341.13 of the house and garage and immediately surrounding one acre of land qualifies for the  
341.14 valuation exclusion under this subdivision.

341.15 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible  
341.16 for the market value exclusion under subdivision 35, or classification under subdivision 22,  
341.17 paragraph (b).

341.18 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
341.19 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.  
341.20 For an application received after July 1, the exclusion shall become effective for the following  
341.21 assessment year. Except as provided in paragraph (c), the owner of a property that has been  
341.22 accepted for a valuation exclusion must notify the assessor if there is a change in ownership  
341.23 of the property or in the use of the property as a homestead.

341.24 (i) A first-time application by a qualifying spouse for the market value exclusion under  
341.25 paragraph (d) must be made any time within two years of the death of the service member.

341.26 (j) For purposes of this subdivision:

341.27 (1) "active service" has the meaning given in section 190.05;

341.28 (2) "own" means that the person's name is present as an owner on the property deed;

341.29 (3) "primary family caregiver" means a person who is approved by the secretary of the  
341.30 United States Department of Veterans Affairs for assistance as the primary provider of  
341.31 personal care services for an eligible veteran under the Program of Comprehensive Assistance  
341.32 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

341.33 (4) "veteran" has the meaning given the term in section 197.447.

342.1 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
342.2 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
342.3 under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries  
342.4 or sells, transfers, or otherwise disposes of the property if:

342.5 (1) the spouse files a first-time application within two years of the death of the service  
342.6 member or by June 1, 2019, whichever is later;

342.7 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
342.8 homestead and permanently resides there;

342.9 (3) the veteran met the honorable discharge requirements of paragraph (a); and

342.10 (4) the United States Department of Veterans Affairs certifies that:

342.11 (i) the veteran met the total (100 percent) and permanent disability requirement under  
342.12 paragraph (b), clause (2); or

342.13 (ii) the spouse has been awarded dependency and indemnity compensation.

342.14 (l) The purpose of this provision of law providing a level of homestead property tax  
342.15 relief for ~~gravely disabled~~ veterans with a disability, their primary family caregivers, and  
342.16 their surviving spouses is to help ease the burdens of war for those among our state's citizens  
342.17 who bear those burdens most heavily.

342.18 (m) By July 1, the county veterans service officer must certify the disability rating and  
342.19 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

342.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

342.21 Sec. 6. Minnesota Statutes 2018, section 289A.08, subdivision 6, is amended to read:

342.22 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married  
342.23 to each other must file a joint Minnesota income tax return if they filed a joint federal income  
342.24 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax  
342.25 returns, they must file separate Minnesota income tax returns. This election to file a joint  
342.26 or separate return must be changed if they change their election for federal purposes. In the  
342.27 event taxpayers desire to change their election, the change must be done in the manner and  
342.28 on the form prescribed by the commissioner.

342.29 The determination of whether an individual is married shall be made under the provisions  
342.30 of section 7703 of the Internal Revenue Code.

342.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

343.1 Sec. 7. Minnesota Statutes 2018, section 289A.25, subdivision 1, is amended to read:

343.2 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership  
343.3 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.  
343.4 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the  
343.5 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,  
343.6 and partnerships, the term estimated tax means the amount the taxpayer estimates is the  
343.7 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax  
343.8 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent  
343.9 person, the payments must be made by the individual's guardian. If joint payments on  
343.10 estimated tax are made but a joint return is not made for the taxable year, the estimated tax  
343.11 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or  
343.12 may be divided between them.

343.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

343.14 Sec. 8. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

343.15 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband~~  
343.16 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for  
343.17 relief from a liability attributable to an underpayment under section 6015(b) of the Internal  
343.18 Revenue Code is relieved of the state income tax liability on the underpayment.

343.19 (b) In the case of individuals who were ~~a husband and wife~~ married as determined in  
343.20 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their  
343.21 legal separation, or prior to the death of one of the individuals, for tax liabilities reported  
343.22 on a joint or combined return, the liability of each person is limited to the proportion of the  
343.23 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~  
343.24 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective  
343.25 only when the commissioner receives written notice of the marriage dissolution, legal  
343.26 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may  
343.27 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more  
343.28 than 60 days before receipt by the commissioner of the written notice.

343.29 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes  
343.30 reported on a return must be made within six years after the due date of the return. For  
343.31 calculation of separate liability for taxes assessed by the commissioner under section 289A.35  
343.32 or 289A.37, the request must be made within six years after the date of assessment. The  
343.33 commissioner is not required to calculate separate liability if the remaining unpaid liability  
343.34 for which recalculation is requested is \$100 or less.

344.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

344.2 Sec. 9. Minnesota Statutes 2018, section 289A.37, subdivision 6, is amended to read:

344.3 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return  
344.4 is filed by a ~~husband and wife~~ spouses, an order of assessment may be a single joint notice.  
344.5 If the commissioner has been notified by either spouse that that spouse's address has changed  
344.6 and if that spouse requests it, then, instead of the single joint notice mailed to the last known  
344.7 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be  
344.8 sent to the requesting spouse at the address designated by the requesting spouse. The other  
344.9 joint notice must be mailed to the other spouse at that spouse's last known address. An  
344.10 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the  
344.11 notice in the same period as if it had been mailed to that spouse at the correct address or if  
344.12 the spouse has failed to provide an address to the commissioner other than the last known  
344.13 address.

344.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

344.15 Sec. 10. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

344.16 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal  
344.17 taxable income of the individual's subtraction base amount. The excess of the subtraction  
344.18 base amount over the taxable net income computed without regard to the subtraction for  
344.19 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,  
344.20 may be used to reduce the amount of a lump sum distribution subject to tax under section  
344.21 290.032.

344.22 (b)(1) The initial subtraction base amount equals

344.23 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

344.24 (ii) \$9,600 for a single taxpayer, and

344.25 (iii) \$6,000 for a married taxpayer filing a separate federal return.

344.26 (2) The qualified individual's initial subtraction base amount, then, must be reduced by  
344.27 the sum of nontaxable retirement and disability benefits and one-half of the amount of  
344.28 adjusted gross income in excess of the following thresholds:

344.29 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified  
344.30 individuals,



345.1 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one  
345.2 spouse is a qualified individual, and

345.3 (iii) \$9,000 for a married taxpayer filing a separate federal return.

345.4 (3) In the case of a qualified individual who is under the age of 65, the maximum amount  
345.5 of the subtraction base may not exceed the taxpayer's disability income.

345.6 (4) The resulting amount is the subtraction base amount.

345.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

345.8 Sec. 11. Minnesota Statutes 2018, section 290.0802, subdivision 3, is amended to read:

345.9 Subd. 3. **Restrictions; married couples.** Except in the case of a ~~husband and wife~~  
345.10 spouses who live apart at all times during the taxable year, if the taxpayer is married at the  
345.11 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers  
345.12 file joint federal and state income tax returns for the taxable year.

345.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

345.14 Sec. 12. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

345.15 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following  
345.16 terms have the meanings given.

345.17 (a) "Alternative minimum taxable income" means the sum of the following for the taxable  
345.18 year:

345.19 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
345.20 55(b)(2) of the Internal Revenue Code;

345.21 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum  
345.22 taxable income, but excluding:

345.23 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

345.24 (ii) the medical expense deduction;

345.25 (iii) the casualty, theft, and disaster loss deduction; and

345.26 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

345.27 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue  
345.28 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),  
345.29 to the extent not included in federal alternative minimum taxable income, the excess of the

346.1 deduction for depletion allowable under section 611 of the Internal Revenue Code for the  
346.2 taxable year over the adjusted basis of the property at the end of the taxable year (determined  
346.3 without regard to the depletion deduction for the taxable year);

346.4 (4) to the extent not included in federal alternative minimum taxable income, the amount  
346.5 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue  
346.6 Code determined without regard to subparagraph (E);

346.7 (5) to the extent not included in federal alternative minimum taxable income, the amount  
346.8 of interest income as provided by section 290.0131, subdivision 2; and

346.9 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

346.10 less the sum of the amounts determined under the following:

346.11 (i) interest income as defined in section 290.0132, subdivision 2;

346.12 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
346.13 3, to the extent included in federal alternative minimum taxable income;

346.14 (iii) the amount of investment interest paid or accrued within the taxable year on  
346.15 indebtedness to the extent that the amount does not exceed net investment income, as defined  
346.16 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted  
346.17 in computing federal adjusted gross income;

346.18 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,  
346.19 subdivisions 7, 9 to 15, 17, 21, 24, and 26; and

346.20 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
346.21 paragraph (c).

346.22 In the case of an estate or trust, alternative minimum taxable income must be computed  
346.23 as provided in section 59(c) of the Internal Revenue Code.

346.24 (b) "Investment interest" means investment interest as defined in section 163(d)(3) of  
346.25 the Internal Revenue Code.

346.26 (c) "Net minimum tax" means the minimum tax imposed by this section.

346.27 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard  
346.28 to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed  
346.29 under this chapter.

346.30 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income  
346.31 after subtracting the exemption amount determined under subdivision 3.

347.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

347.2 Sec. 13. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

347.3 Subd. 3. **Income.** (a) "Income" means the sum of the following:

347.4 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

347.5 (2) the sum of the following amounts to the extent not included in clause (1):

347.6 (i) all nontaxable income;

347.7 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
347.8 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
347.9 carryover allowed under section 469(b) of the Internal Revenue Code;

347.10 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
347.11 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
347.12 Code;

347.13 (iv) cash public assistance and relief;

347.14 (v) any pension or annuity (including railroad retirement benefits, all payments received  
347.15 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
347.16 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
347.17 by the claimant or spouse and which funding payments were excluded from federal adjusted  
347.18 gross income in the years when the payments were made;

347.19 (vi) interest received from the federal or a state government or any instrumentality or  
347.20 political subdivision thereof;

347.21 (vii) workers' compensation;

347.22 (viii) nontaxable strike benefits;

347.23 (ix) the gross amounts of payments received in the nature of disability income or sick  
347.24 pay as a result of accident, sickness, or other disability, whether funded through insurance  
347.25 or otherwise;

347.26 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
347.27 1986, as amended through December 31, 1995;

347.28 (xi) contributions made by the claimant to an individual retirement account, including  
347.29 a qualified voluntary employee contribution; simplified employee pension plan;  
347.30 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
347.31 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal

348.1 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
348.2 the claimant and spouse;

348.3 (xii) to the extent not included in federal adjusted gross income, distributions received  
348.4 by the claimant or spouse from a traditional or Roth style retirement account or plan;

348.5 (xiii) nontaxable scholarship or fellowship grants;

348.6 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

348.7 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
348.8 Code;

348.9 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
348.10 Code; and

348.11 (xvii) the amount deducted for certain expenses of elementary and secondary school  
348.12 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

348.13 In the case of an individual who files an income tax return on a fiscal year basis, the  
348.14 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
348.15 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced  
348.16 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
348.17 or carryforward allowed for the year.

348.18 (b) "Income" does not include:

348.19 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

348.20 (2) amounts of any pension or annuity which was exclusively funded by the claimant  
348.21 or spouse and which funding payments were not excluded from federal adjusted gross  
348.22 income in the years when the payments were made;

348.23 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
348.24 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
348.25 the retirement base amount reduced by the amount of contributions excluded from federal  
348.26 adjusted gross income, but not less than zero;

348.27 (4) surplus food or other relief in kind supplied by a governmental agency;

348.28 (5) relief granted under this chapter;

348.29 (6) child support payments received under a temporary or final decree of dissolution or  
348.30 legal separation; or

349.1 (7) restitution payments received by eligible individuals and excludable interest as  
349.2 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
349.3 Public Law 107-16.

349.4 (c) The sum of the following amounts may be subtracted from income:

349.5 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

349.6 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

349.7 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

349.8 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

349.9 (5) for the claimant's fifth dependent, the exemption amount; and

349.10 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age  
349.11 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,  
349.12 the exemption amount.

349.13 (d) For purposes of this subdivision, the "exemption amount" means the exemption  
349.14 amount under section 151(d) of the Internal Revenue Code for the taxable year for which  
349.15 the income is reported; "retirement base amount" means the deductible amount for the  
349.16 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue  
349.17 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue  
349.18 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional  
349.19 or Roth style retirement account or plan" means retirement plans under sections 401, 403,  
349.20 408, 408A, and 457 of the Internal Revenue Code.

349.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

349.22 Sec. 14. Minnesota Statutes 2018, section 290A.03, subdivision 4, is amended to read:

349.23 Subd. 4. **Household.** "Household" means a claimant and an individual related to the  
349.24 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

349.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

349.26 Sec. 15. Minnesota Statutes 2018, section 290A.03, subdivision 8, is amended to read:

349.27 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined  
349.28 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)  
349.29 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a

350.1 resident of this state as provided in chapter 290 during the calendar year for which the claim  
350.2 for relief was filed.

350.3 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall  
350.4 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu  
350.5 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem  
350.6 taxes, are payable at some time during the calendar year covered by the claim.

350.7 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,  
350.8 long-term residential facility, or a facility that accepts housing support payments whose  
350.9 rent constituting property taxes is paid pursuant to the Supplemental Security Income  
350.10 program under title XVI of the Social Security Act, the Minnesota supplemental aid program  
350.11 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX  
350.12 of the Social Security Act, or the housing support program under chapter 256I.

350.13 If only a portion of the rent constituting property taxes is paid by these programs, the  
350.14 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant  
350.15 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as  
350.16 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income  
350.17 from the above sources other than vendor payments under the medical assistance program  
350.18 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),  
350.19 plus vendor payments under the medical assistance program, to determine the allowable  
350.20 refund pursuant to this chapter.

350.21 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,  
350.22 intermediate care facility, long-term residential facility, or facility for which the rent was  
350.23 paid for the claimant by the housing support program for only a portion of the calendar year  
350.24 covered by the claim, the claimant may compute rent constituting property taxes by  
350.25 disregarding the rent constituting property taxes from the nursing home or facility and use  
350.26 only that amount of rent constituting property taxes or property taxes payable relating to  
350.27 that portion of the year when the claimant was not in the facility. The claimant's household  
350.28 income is the income for the entire calendar year covered by the claim.

350.29 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota  
350.30 resident, the income and rental reflected in this computation shall be for the period of  
350.31 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at  
350.32 federal adjusted gross income cannot be utilized for this computation. When two individuals  
350.33 of a household are able to meet the qualifications for a claimant, they may determine among  
350.34 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred

351.1 to the commissioner of revenue whose decision shall be final. If a homestead property owner  
351.2 was a part-year Minnesota resident, the income reflected in the computation made pursuant  
351.3 to section 290A.04 shall be for the entire calendar year, including income not assignable to  
351.4 Minnesota.

351.5 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~  
351.6 married to each other, the rent shall be deemed to be paid equally by each, and separate  
351.7 claims shall be filed by each. The income of each shall be each renter's household income  
351.8 for purposes of computing the amount of credit to be allowed.

351.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

351.10 Sec. 16. Minnesota Statutes 2018, section 290A.05, is amended to read:

351.11 **290A.05 COMBINED HOUSEHOLD INCOME.**

351.12 If a person occupies a homestead with another person ~~or persons~~ not related to the person  
351.13 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on  
351.14 contract, and has property tax payable with respect to the homestead, the household income  
351.15 of the claimant or claimants for the purpose of computing the refund allowed by section  
351.16 290A.04 shall include the total income received by the other persons residing in the  
351.17 homestead. For purposes of this section, "dependent" includes a parent of the claimant or  
351.18 spouse who lives in the claimant's homestead and does not have an ownership interest in  
351.19 the homestead. If a person occupies a homestead with another person or persons not related  
351.20 to the person as ~~husband and wife~~ the person's spouse or as dependents, the property tax  
351.21 payable or rent constituting property tax shall be reduced as follows.

351.22 If the other person or persons are residing at the homestead under rental or lease  
351.23 agreement, the amount of property tax payable or rent constituting property tax shall be that  
351.24 portion not covered by the rental agreement.

351.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

351.26 Sec. 17. Minnesota Statutes 2018, section 290A.08, is amended to read:

351.27 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

351.28 Only one claimant per household per year is entitled to relief under this chapter. Payment  
351.29 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.  
351.30 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~  
351.31 wife spouses for one-half of the relief provided the original check has not been issued or  
351.32 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during

352.1 the year may elect to file a joint claim which shall include each spouse's income, rent  
352.2 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who  
352.3 were married for the entire year and were domiciled in the same household for the entire  
352.4 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall  
352.5 not exceed the amount that one person could receive.

352.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

352.7 Sec. 18. Minnesota Statutes 2018, section 290A.09, is amended to read:

352.8 **290A.09 PROOF OF CLAIM.**

352.9 Every claimant shall supply to the commissioner of revenue, in support of the claim,  
352.10 proof of eligibility under this chapter, including but not limited to amount of rent paid or  
352.11 property taxes accrued, name and address of owner or managing agent of property rented,  
352.12 changes in homestead, household membership, household income, size and nature of property  
352.13 claimed as a homestead.

352.14 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the  
352.15 form and manner as the commissioner may prescribe. The department may require  
352.16 examination and certification by the claimant's physician or by a physician designated by  
352.17 the commissioner. The cost of any examination shall be borne by the claimant, unless the  
352.18 examination proves the disability, in which case the cost of the examination shall be borne  
352.19 by the commissioner.

352.20 A determination of disability of a claimant by the Social Security Administration under  
352.21 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

352.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

352.23 Sec. 19. Minnesota Statutes 2018, section 297A.61, subdivision 18, is amended to read:

352.24 Subd. 18. ~~Disabled~~ **Person with a disability.** "~~Disabled~~ Person with a disability" means  
352.25 an individual who has a permanent and total disability as defined in section 273.13,  
352.26 subdivision 22.

352.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

352.28 Sec. 20. Minnesota Statutes 2018, section 297A.67, subdivision 6, is amended to read:

352.29 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for  
352.30 and served exclusively to individuals who are 60 years of age or over and their spouses or  
352.31 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit



353.1 organizations, or churches, or pursuant to any program funded in whole or in part through  
353.2 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or  
353.3 served, are exempt. Taxable food sold through vending machines is not exempt.

353.4 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children  
353.5 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than  
353.6 16 years of age and who are attending a child care or early childhood education program,  
353.7 are exempt if they are:

353.8 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,  
353.9 subdivision 4, and that primarily serves families with income of 250 percent or less of  
353.10 federal poverty guidelines; and

353.11 (2) prepared at the site of the child care facility.

353.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

353.13 Sec. 21. Minnesota Statutes 2018, section 297A.67, subdivision 12, is amended to read:

353.14 Subd. 12. **Parts and accessories used to make a motor vehicle ~~disabled~~ accessible**  
353.15 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to  
353.16 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

353.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

353.18 Sec. 22. Minnesota Statutes 2018, section 297A.70, subdivision 3, is amended to read:

353.19 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales  
353.20 to or use by the specified governments and political subdivisions of the state are exempt:

353.21 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire  
353.22 apparatus to a political subdivision;

353.23 (2) machinery and equipment, except for motor vehicles, used directly for mixed  
353.24 municipal solid waste management services at a solid waste disposal facility as defined in  
353.25 section 115A.03, subdivision 10;

353.26 (3) chore and homemaking services to a political subdivision of the state to be provided  
353.27 to elderly individuals or ~~disabled individuals~~ persons with a disability;

353.28 (4) telephone services to the Office of MN.IT Services that are used to provide  
353.29 telecommunications services through the MN.IT services revolving fund;

354.1 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased  
354.2 or authorized by and for the use of an organized fire department, fire protection district, or  
354.3 fire company regularly charged with the responsibility of providing fire protection to the  
354.4 state or a political subdivision;

354.5 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma  
354.6 protection, if purchased by a law enforcement agency of the state or a political subdivision  
354.7 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

354.8 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles  
354.9 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt  
354.10 from taxation under section 473.448, or exempt from the motor vehicle sales tax under  
354.11 section 297B.03, clause (12);

354.12 (8) equipment designed to process, dewater, and recycle biosolids for wastewater  
354.13 treatment facilities of political subdivisions, and materials incidental to installation of that  
354.14 equipment;

354.15 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,  
354.16 trails, or firebreaks when purchased by an agency of the state or a political subdivision of  
354.17 the state;

354.18 (10) purchases by the Metropolitan Council or the Department of Transportation of  
354.19 vehicles and repair parts to equip operations provided for in section 174.90, including, but  
354.20 not limited to, the Northstar Corridor Rail project; and

354.21 (11) purchases of water used directly in providing public safety services by an organized  
354.22 fire department, fire protection district, or fire company regularly charged with the  
354.23 responsibility of providing fire protection to the state or a political subdivision.

354.24 (b) For purposes of this subdivision, "firefighters personal protective equipment" means  
354.25 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including  
354.26 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;  
354.27 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety  
354.28 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment  
354.29 required by the Occupational Safety and Health Administration.

354.30 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed  
354.31 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded  
354.32 in the manner provided in section 297A.75.

354.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

355.1 Sec. 23. Minnesota Statutes 2018, section 297A.70, subdivision 4, is amended to read:

355.2 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),  
355.3 to the following "nonprofit organizations" are exempt:

355.4 (1) a corporation, society, association, foundation, or institution organized and operated  
355.5 exclusively for charitable, religious, or educational purposes if the item purchased is used  
355.6 in the performance of charitable, religious, or educational functions;

355.7 (2) any senior citizen group or association of groups that:

355.8 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~  
355.9 ~~disabled~~ persons with a physical disability;

355.10 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit  
355.11 purposes, not including housing, no part of the net earnings of which inures to the benefit  
355.12 of any private shareholders; and

355.13 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

355.14 (3) an organization that qualifies for an exemption for memberships under subdivision  
355.15 12 if the item is purchased and used in the performance of the organization's mission.

355.16 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery  
355.17 owned by a religious organization.

355.18 (b) This exemption does not apply to the following sales:

355.19 (1) building, construction, or reconstruction materials purchased by a contractor or a  
355.20 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
355.21 maximum price covering both labor and materials for use in the construction, alteration, or  
355.22 repair of a building or facility;

355.23 (2) construction materials purchased by tax-exempt entities or their contractors to be  
355.24 used in constructing buildings or facilities that will not be used principally by the tax-exempt  
355.25 entities;

355.26 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
355.27 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,  
355.28 subdivision 2, except wine purchased by an established religious organization for sacramental  
355.29 purposes or as allowed under subdivision 9a; and

355.30 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as  
355.31 provided in paragraph (c).

356.1 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,  
356.2 subdivision 11, only if the vehicle is:

356.3 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
356.4 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
356.5 for carrying more than nine persons including the driver; and

356.6 (2) intended to be used primarily to transport tangible personal property or individuals,  
356.7 other than employees, to whom the organization provides service in performing its charitable,  
356.8 religious, or educational purpose.

356.9 (d) A limited liability company also qualifies for exemption under this subdivision if  
356.10 (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
356.11 purchased qualify for the exemption.

356.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

356.13 Sec. 24. Minnesota Statutes 2018, section 297A.70, subdivision 16, is amended to read:

356.14 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

356.15 (1) services primarily for children, adults accompanying children, or persons with  
356.16 ~~disabilities~~ a disability; or

356.17 (2) educational or religious activities;

356.18 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section  
356.19 501(c)(3) of the Internal Revenue Code.

356.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

356.21 Sec. 25. Minnesota Statutes 2018, section 297A.71, subdivision 22, is amended to read:

356.22 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**  
356.23 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed  
356.24 by, a nonprofit organization are exempt if:

356.25 (1) the materials and equipment are used or incorporated into modifying an existing  
356.26 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

356.27 (2) the materials and equipment used in the modification would qualify for an exemption  
356.28 under either subdivision 11 or 12 if made by the current owner of the residence.

356.29 For purposes of this subdivision, "nonprofit organization" means any nonprofit  
356.30 corporation, society, association, foundation, or institution organized and operated exclusively

357.1 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from  
357.2 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

357.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

357.4 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

357.5 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
357.6 exempt items must be imposed and collected as if the sale were taxable and the rate under  
357.7 section 297A.62, subdivision 1, applied. The exempt items include:

357.8 (1) building materials for an agricultural processing facility exempt under section  
357.9 297A.71, subdivision 13;

357.10 (2) building materials for mineral production facilities exempt under section 297A.71,  
357.11 subdivision 14;

357.12 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

357.13 (4) building materials used in a residence for ~~disabled~~ veterans with a disability exempt  
357.14 under section 297A.71, subdivision 11;

357.15 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

357.16 (6) materials and supplies for qualified low-income housing under section 297A.71,  
357.17 subdivision 23;

357.18 (7) materials, supplies, and equipment for municipal electric utility facilities under  
357.19 section 297A.71, subdivision 35;

357.20 (8) equipment and materials used for the generation, transmission, and distribution of  
357.21 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
357.22 37;

357.23 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
357.24 (a), clause (10);

357.25 (10) materials, supplies, and equipment for construction or improvement of projects and  
357.26 facilities under section 297A.71, subdivision 40;

357.27 (11) materials, supplies, and equipment for construction, improvement, or expansion  
357.28 of:

357.29 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
357.30 section 297A.71, subdivision 42;

358.1 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
358.2 45;

358.3 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
358.4 297A.71, subdivision 46; and

358.5 (iv) an industrial measurement manufacturing and controls facility exempt under  
358.6 Minnesota Statutes 2014, section 297A.71, subdivision 47;

358.7 (12) enterprise information technology equipment and computer software for use in a  
358.8 qualified data center exempt under section 297A.68, subdivision 42;

358.9 (13) materials, supplies, and equipment for qualifying capital projects under section  
358.10 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

358.11 (14) items purchased for use in providing critical access dental services exempt under  
358.12 section 297A.70, subdivision 7, paragraph (c);

358.13 (15) items and services purchased under a business subsidy agreement for use or  
358.14 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
358.15 44;

358.16 (16) building materials, equipment, and supplies for constructing or replacing real  
358.17 property exempt under section 297A.71, subdivision 49; and

358.18 (17) building materials, equipment, and supplies for constructing or replacing real  
358.19 property exempt under section 297A.71, subdivision 50, paragraph (b).

358.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

358.21 Sec. 27. Minnesota Statutes 2018, section 297B.01, subdivision 14, is amended to read:

358.22 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in  
358.23 money for a sale, whether paid in money or otherwise. The purchase price excludes the  
358.24 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is  
358.25 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,  
358.26 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted  
358.27 from the total selling price to establish the purchase price of the vehicle being sold and the  
358.28 trade-in allowance allowed by the seller shall constitute the purchase price of the motor  
358.29 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle  
358.30 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall  
358.31 also include the average value of similar motor vehicles, established by standards and guides  
358.32 as determined by the motor vehicle registrar. The purchase price in those instances where

359.1 a motor vehicle is manufactured by a person who registers it under the laws of this state  
359.2 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean  
359.3 the amount expended for materials, labor, and other properly allocable costs of manufacture,  
359.4 except that in the absence of actual expenditures for the manufacture of a part or all of the  
359.5 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor  
359.6 vehicle.

359.7 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle  
359.8 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to  
359.9 persons with a disability.

359.10 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way  
359.11 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization  
359.12 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer  
359.13 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the  
359.14 title to such vehicle was registered in the name of the guardian, as guardian, only because  
359.15 the ward was a minor.

359.16 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift  
359.17 between a foster parent and foster child. For purposes of this subdivision, a foster relationship  
359.18 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as  
359.19 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the  
359.20 county verifies that the child was a state ward or in permanent foster care.

359.21 (e) There shall not be included in "purchase price" the amount of any tax imposed by  
359.22 the United States upon or with respect to retail sales whether imposed upon the retailer or  
359.23 the consumer.

359.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

359.25 Sec. 28. Minnesota Statutes 2018, section 297B.01, subdivision 16, is amended to read:

359.26 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"  
359.27 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor  
359.28 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange  
359.29 or barter for any purpose other than resale in the regular course of business.

359.30 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or  
359.31 by holding it in an effort to so lease it, and which is put to no other use by the owner other  
359.32 than resale after such lease or effort to lease, shall be considered property purchased for  
359.33 resale.

360.1 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by  
360.2 other means, for or without consideration, except that these terms shall not include:

360.3 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or  
360.4 transfer-on-death of title by, a decedent who owned it;

360.5 (2) the transfer of a motor vehicle which was previously licensed in the names of two  
360.6 or more joint tenants and subsequently transferred without monetary consideration to one  
360.7 or more of the joint tenants;

360.8 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer  
360.9 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with  
360.10 no monetary or other consideration or expectation of consideration and the parties to the  
360.11 transfer submit an affidavit to that effect at the time the title transfer is recorded;

360.12 (4) the transfer of a motor vehicle by gift between:

360.13 (i) spouses;

360.14 (ii) parents and a child; or

360.15 (iii) grandparents and a grandchild;

360.16 (5) the voluntary or involuntary transfer of a motor vehicle between a ~~husband and wife~~  
360.17 spouses in a divorce proceeding; or

360.18 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from  
360.19 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the  
360.20 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

360.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

360.22 Sec. 29. Minnesota Statutes 2018, section 298.018, subdivision 1, is amended to read:

360.23 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under  
360.24 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the  
360.25 taconite assistance area defined in section 273.1341, shall be allocated as follows:

360.26 (1) five percent to the city or town within which the minerals or energy resources are  
360.27 mined or extracted, or within which the concentrate was produced. If the mining and  
360.28 concentration, or different steps in either process, are carried on in more than one taxing  
360.29 district, the commissioner shall apportion equitably the proceeds among the cities and towns  
360.30 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,  
360.31 and the remainder to the concentrating plant and to the processes of concentration, and with



361.1 respect to each thereof giving due consideration to the relative extent of the respective  
361.2 operations performed in each taxing district;

361.3 (2) ten percent to the taconite municipal aid account to be distributed as provided in  
361.4 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

361.5 (3) ten percent to the school district within which the minerals or energy resources are  
361.6 mined or extracted, or within which the concentrate was produced. If the mining and  
361.7 concentration, or different steps in either process, are carried on in more than one school  
361.8 district, distribution among the school districts must be based on the apportionment formula  
361.9 prescribed in clause (1);

361.10 (4) 20 percent to a group of school districts comprised of those school districts wherein  
361.11 the mineral or energy resource was mined or extracted or in which there is a qualifying  
361.12 municipality as defined by section 273.134, paragraph (b), in direct proportion to school  
361.13 district indexes as follows: for each school district, its pupil units determined under section  
361.14 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted  
361.15 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated  
361.16 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution  
361.17 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that  
361.18 portion of the distribution which its index bears to the sum of the indices for all school  
361.19 districts that receive the distributions;

361.20 (5) 20 percent to the county within which the minerals or energy resources are mined  
361.21 or extracted, or within which the concentrate was produced. If the mining and concentration,  
361.22 or different steps in either process, are carried on in more than one county, distribution  
361.23 among the counties must be based on the apportionment formula prescribed in clause (1),  
361.24 provided that any county receiving distributions under this clause shall pay one percent of  
361.25 its proceeds to the Range Association of Municipalities and Schools;

361.26 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed  
361.27 as provided in sections 273.134 to 273.136;

361.28 (7) five percent to the commissioner of Iron Range resources and rehabilitation for the  
361.29 purposes of section 298.22;

361.30 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

361.31 (9) seven percent to the taconite environmental protection fund.

361.32 ~~The proceeds of the tax shall be distributed on July 15 each year.~~

361.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

362.1 Sec. 30. Minnesota Statutes 2018, section 298.018, is amended by adding a subdivision  
362.2 to read:

362.3 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall  
362.4 be distributed on December 15 each year. Any payment of proceeds received after December  
362.5 15 shall be distributed on the next net proceeds tax distribution date.

362.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

362.7 Sec. 31. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

362.8 Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount  
362.9 deposited with the county as provided in section 298.28, subdivision 3, must be distributed  
362.10 as provided by this section among: (1) the municipalities comprising a taconite assistance  
362.11 area under section 273.1341; (2) a township that contains a state park consisting primarily  
362.12 of an underground iron ore mine; and (3) a city located within five miles of that state park,  
362.13 each being referred to in this section as a qualifying municipality.

362.14 (b) The amount deposited in the state general fund as provided in section 298.018,  
362.15 subdivision 1, must be distributed in the same manner as provided under paragraph (a)  
362.16 except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the  
362.17 dates provided under section 298.018, subdivision 1a.

362.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

362.19 Sec. 32. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,  
362.20 is amended to read:

362.21 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after  
362.22 June 30, 2017, for which notices of entry of order are mailed before July 1, 2019, and (2)  
362.23 notices of entry of order mailed after June 30, 2019.

362.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

### 37.31 ISSUANCE OF BONDS.

Subd. 8. **Expiration.** The authority to issue bonds, other than bonds to refund outstanding bonds, under this section expires July 1, 2025.

### 69.011 QUALIFYING FOR STATE AID.

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner of revenue.
- (b) "Municipality" means:
  - (1) a home rule charter or statutory city;
  - (2) an organized town;
  - (3) a park district subject to chapter 398;
  - (4) the University of Minnesota;
  - (5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;
  - (6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;
  - (7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and
  - (8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.
- (e) "Estimated market value" means latest available estimated market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.
- (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.
- (g) "Peace officer" means any person:
  - (1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;
  - (2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, paragraph (b);
  - (3) who is sworn to enforce the general criminal laws of the state and local ordinances;
  - (4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

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(5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program:

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

**Subd. 2. Qualification for fire or police state aid.** (a) Unless retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association, whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31.

(b) Where retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15, annually, the executive director of the Public Employees Retirement Association shall certify the existence of that coverage for each municipality and the municipal clerk or independent nonprofit firefighting corporation secretary, whichever applies, and the applicable fire chief shall certify the fire personnel and fire department equipment as of the preceding December 31.

(c) Except as provided in subdivision 2b, on or before March 15 annually, in order to qualify to receive police state aid, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, paragraph (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer commences when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace

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officer may be included in the certification of the number of peace officers by more than one employing unit for the same month.

(d) A certification made under this subdivision must be filed with the commissioner, must be made on a form prescribed by the commissioner, and must include any other facts that the commissioner requires.

**Subd. 2b. Departments of Natural Resources and Public Safety.** (a) On or before each March 15, the commissioner of natural resources shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Enforcement Division and the commissioner of public safety shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Bureau of Criminal Apprehension, the Gambling Enforcement Division, and the State Patrol Division.

(b) The certification must be on a form prescribed by the commissioner. Peace officers certified under this paragraph must be included in the total certifications under subdivision 2.

**Subd. 2c. Ineligibility of certain police officers.** A police officer employed by the University of Minnesota who is required by the Board of Regents to be a member of the University of Minnesota faculty retirement plan is not eligible to be included in any police state-aid certification under this section.

**Subd. 3. Failure to file certificate deemed waiver.** (a) If a certification required by this section is not filed with the commissioner by the due date prescribed by this section, the commissioner shall notify the county, the municipality, or the nonprofit firefighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days.

(b) The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the county, the municipality, or the nonprofit firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form may not be used as a defense for a failure to file.

**Subd. 4. Qualification for fire state aid.** (a) A municipality in this state qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and if it meets the specific requirements of paragraph (c).

(b) Minimum qualifications for fire state aid include the following:

(1) having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit firefighting corporation created under the nonprofit corporation act of this state and operating exclusively for firefighting purposes and providing retirement and relief benefits to its members; and

(2) having a separate subsidiary incorporated firefighter's relief association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan or, if a paid fire department, having retirement coverage by the public employees police and fire retirement plan.

(c) Minimum requirements for fire state aid also include the following or their equivalent as determined by the state fire marshal:

(1) having ten paid or volunteer firefighters including a fire chief and assistant fire chief;

(2) having regular scheduled meetings and frequent drills including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment;

(3) having a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps--tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, and boots;

(4) having apparatus suitably housed in a building of good construction with facilities for care of hose and equipment;

(5) having a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm;

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(6) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, having another piece of motorized apparatus to make the response; and

(7) meeting other requirements that the commissioner establishes by rule.

**69.021 REPORTING PREMIUMS; CALCULATION OF AID.**

Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to Police Premium Report.** The commissioner shall, at the time of mailing tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports must contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts that the commissioner may require.

Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner the reports described in subdivision 1 certified by its secretary and president or chief financial officer.

(b) The Minnesota Firetown Premium Report must contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums must be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner.

(c) The Minnesota Aid to Police Premium Report must contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of report.** (a) When it appears to the commissioner that any insurer has made an incomplete or inaccurate report, the commissioner shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report on or before March 1, annually, the insurer is liable and shall pay \$25 for each seven days, or fraction thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in paragraph (b) or (c) for knowingly filing an inaccurate or false report.

(b) Any insurer which knowingly makes and files an inaccurate or false report is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as determined by the commissioner, and additionally the commissioner of commerce may revoke the insurer's certificate of authority.

(c) Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner shall be fined an amount of not more than \$1,000.

(d) Failure of the insurer to receive a reporting form does not excuse the insurer from filing the report.

Subd. 4. **Determination of qualified state aid recipients; certification to commissioner of management and budget.** (a) The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid directly or are qualified to receive the benefit of fire state aid paid to the voluntary statewide lump-sum volunteer firefighter retirement plan and which municipalities and counties are qualified to receive police state aid.

(b) The commissioner shall determine qualification for state aid upon receipt of:

(1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever applies, required under section 69.011;

(2) the financial compliance report required under section 6.495, subdivision 3, if applicable; and

(3) any other relevant information which comes to the attention of the commissioner.

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(c) Upon completion of the determination, on or before October 1, the commissioner shall calculate the amount of:

(1) the police state aid which each county or municipality is to receive under subdivisions 5, 6, 7a, and 10; and

(2) the fire state aid which each municipality or nonprofit firefighting corporation is to receive under subdivisions 5 and 7.

(d) The commissioner shall certify to the commissioner of management and budget the name of each county or municipality, and the amount of state aid which each county or municipality is to receive, in the case of police state aid. The commissioner shall certify to the commissioner of management and budget the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive directly or the amount of state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

**Subd. 5. Calculation of state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

**Subd. 7. Apportionment of fire state aid to municipalities and relief associations.** (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association qualified under section 69.011, subdivision 4.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and, if applicable, a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must be apportioned the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the estimated market value of each fire town, including (1) the estimated market value of tax-exempt property and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the estimated market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the

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crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and estimated market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the percent of the estimated market value of each shared service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.

**Subd. 7a. Apportionment of police state aid.** (a) Subject to the reduction provided for under subdivision 10, the commissioner shall apportion the police state aid to each municipality, to each county, and to the Departments of Natural Resources and Public Safety in the following manner:

(1) for all municipalities maintaining police departments, counties, the Department of Natural Resources, and the Department of Public Safety, the police state aid must be distributed in proportion to the relationship that the total number of peace officers, as determined under section 69.011, subdivision 1, paragraph (g), and subdivision 2, paragraph (b), employed by that employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months bears to the total number of peace officers employed by all municipalities, counties, the Departments of Natural Resources and Public Safety, subject to any reduction under subdivision 10;



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(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service to that municipality must be credited against the municipality's contract obligation; and

(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service to that municipality on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

(b) Any necessary additional adjustments must be made to subsequent police state aid apportionments.

**Subd. 8. Population and estimated market value.** (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures may be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of estimated market value property figures, only the latest available estimated market value property figures may be used.

**Subd. 9. Appeal.** (a) In the event that a municipality, a county, a fire relief association, the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in the case of police state aid, or within the state in the case of fire state aid.

(b) The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or fire department is located or by the Ramsey County District Court with respect to the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan.

**Subd. 10. Reduction in police state aid apportionment.** (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

(2) for the Metropolitan Airports Commission, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and

(3) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, paragraph (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan under paragraph (b), clause (1), is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1, 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar year amount:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44

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Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92
Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23
International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54
Maplewood	8,476.69
Minnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71
Red Wing	3,504.01
Richfield	53,757.96
Rosemount	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11

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Thief River Falls	28,365.04
Virginia	31,164.46
Waseca	11,135.17
West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid holding account is established in the general fund. The excess police state-aid holding account must be administered by the commissioner.

(b) Excess police state aid determined according to subdivision 10, must be deposited annually in the excess police state-aid holding account.

(c) From the balance in the excess police state-aid holding account, \$900,000 must be canceled annually to the general fund.

(d) On October 1 of each year, one-half of the balance of the excess police state-aid holding account remaining after the deduction under paragraph (c) is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

(e) Annually, the remaining balance in the excess police state-aid holding account, after the deductions under paragraphs (c) and (d) cancels to the general fund.

**69.022 VOLUNTEER RETENTION STIPEND AID PILOT.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Commissioner," unless otherwise specified, means the commissioner of public safety.

(c) "Emergency medical services provider" means a licensee as defined under section 144E.001, subdivision 8.

(d) "Independent nonprofit firefighting corporation" has the same meaning as used in chapter 424A.

(e) "Municipality" has the meaning given in section 69.011, but only if the municipality uses one or more qualified volunteers to provide service.

(f) "Qualified entity" means an emergency medical services provider, independent nonprofit firefighting corporation, or municipality.

(g) "Qualified volunteer" means one of the following types of volunteers who has provided service, for the entire prior calendar year, to one or more qualified entities:

(1) a volunteer firefighter as defined in section 299N.03, subdivision 7;

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

(3) an emergency medical responder as defined in section 144E.001, subdivision 6, who provides emergency medical services as a volunteer.

(h) "Pilot area" means the following groups of counties:

(1) southern Minnesota, consisting of the counties of Faribault, Fillmore, Freeborn, Houston, and Watonwan;

(2) west central Minnesota, consisting of the counties of Chippewa, Kandiyohi, Redwood, and Renville;

(3) central Minnesota, consisting of the counties of Morrison and Todd; and

(4) north central Minnesota, consisting of the counties of Beltrami, Clearwater, and Mahnommen.

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Subd. 2. **Certification.** By June 1 of the calendar year following the year in which the qualified volunteer provided service, the commissioner shall certify to the commissioner of revenue each qualified volunteer's name and the qualified entity for which the qualified volunteer provided service, but the commissioner must remove duplicate listings of qualified volunteers who provided service to more than one qualified entity so that each qualified volunteer is listed only once. The commissioner shall also certify to the commissioner of revenue the total amount of aid to be paid to each qualified entity under subdivision 3. For qualified entities that are not municipalities, the commissioner must indicate the municipality to which the aid is to be paid, as designated by the qualified entity.

Subd. 3. **Aid payment and calculation.** The commissioner of revenue shall pay aid to qualified entities located in the pilot area to provide funds for the qualified entities to pay annual volunteer retention stipends to qualified volunteers who provide services to the qualified entities. A qualified entity is located in the pilot area if it is a municipality located in whole or in part in the pilot area, or if it is an emergency medical services provider or independent nonprofit firefighting corporation with its main office located in the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified volunteers. For purposes of calculating this aid, each individual providing volunteer service, regardless of the different types of service provided, is one qualified volunteer. The commissioner of revenue shall pay the aid to qualified entities by July 15 of the calendar year following the year in which the qualified volunteer provided service. If a qualified entity is not a municipality, the commissioner shall pay the aid to the treasurer of the municipality designated by the qualified entity. The treasurer of the municipality shall, within 30 days of receipt of the aid, transmit the aid to the qualified entity.

Subd. 4. **Application.** Each year each qualified entity in the pilot area may apply to the commissioner for aid under this section. The application must be made at the time and in the form prescribed by the commissioner and must provide sufficient information to permit the commissioner to determine the applicant's entitlement to aid under this section.

Subd. 5. **Payment of stipends.** A qualified entity receiving state aid under this section must pay the aid as retention stipends of \$500 to qualified volunteers no later than September 15 of the year in which the aid was received.

Subd. 6. **Report.** No later than January 15, 2018, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over public safety and taxes in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on aid paid under this section. The report must include:

(1) for each county in the pilot area, a listing of the qualified entities that received aid in each of the three years of the pilot;

(2) the amount of aid paid to each qualified entity that received aid in each of the three years of the pilot; and

(3) for each qualified entity that received aid, the number of qualified volunteers who were paid stipends in each of the three years of the pilot, and the number of qualified volunteers in the year preceding the pilot.

The report must also provide information on the number of qualified volunteers providing service to qualified entities in comparison counties in each of the three years of the pilot and in the year preceding the pilot, and must summarize changes in the number of qualified volunteers during the year preceding the pilot and during the three years of the pilot both within the pilot area and in the comparison counties. For purposes of this subdivision, "comparison counties" means counties designated by the commissioner to include at least half of the counties that border each group of counties in the pilot area, as specified in subdivision 1. Qualified entities in comparison counties must provide information to the commissioner necessary to the report in this subdivision in the form and manner required by the commissioner.

Subd. 7. **Appropriation.** An amount sufficient to pay the state aid under this section is appropriated from the general fund to the commissioner of revenue.

Subd. 8. **Sunset.** This section expires for aid payable after calendar year 2017, except that the reporting requirement in subdivision 6 remains in effect through 2018.

**69.031 COMMISSIONER OF MANAGEMENT AND BUDGET; WARRANT, APPROPRIATION, PAYMENT AND ADMINISTRATION.**

Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a warrant for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) Fire state aid and police state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the state aid recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

Subd. 3. **Appropriations.** There is hereby appropriated annually from the state general fund to the commissioner of revenue amounts sufficient to make the police state aid payments and the fire state aid payments specified in this section and section 69.021.

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

(c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.

(e) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner of revenue shall certify to the commissioners of public safety, natural resources, and management and budget the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources shall certify to the commissioner of management and budget the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid. Each commissioner shall allocate the police state aid first for employer contributions for employees funded from the general fund and then for employer contributions for employees funded from other funds. For peace officers whose salaries are paid from the general

fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

**69.041 SHORTFALL FROM GENERAL FUND.**

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under sections 424A.091 to 424A.095, or Laws 2013, chapter 111, article 5, sections 31 to 42, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 297I.05, subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

**69.051 FINANCIAL REPORT, BOND, EXAMINATION.**

Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire Department Relief Association and each volunteer firefighters relief association as defined in section 424A.001, subdivision 4, with assets of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous year, according to the applicable actuarial valuation or according to the financial report if no valuation is required, shall prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department; or

(2) by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(c) The financial report must be retained in its office for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year.

(d) Audited financial statements must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighter relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

(2) all disbursements, accounts payable and accounts receivable;

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

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(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality; or

(2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed financial statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the certified detailed financial statement to the state auditor within 90 days of the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or an inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association forfeits its current year state aid, and, until the state auditor receives the required information, the relief association or municipality is ineligible to receive any future state aid. A municipality or firefighters' relief association does not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 2. **Treasurers bond.** (a) The treasurer of the Bloomington Fire Department Relief Association may not enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law.

(b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief administrative officer of each municipality which has an organized fire department but which does not have a firefighters' relief association governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section 23, and which is not exempted under paragraph (b) or (c) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does not qualify initially to receive, and is not entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

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(c) Each municipality qualifies to receive fire state aid under this chapter without filing a financial report under paragraph (a) if the municipality:

- (1) has an organized fire department;
- (2) does not have a volunteer firefighters relief association directly associated with its fire department;
- (3) does not participate in the statewide lump-sum volunteer firefighter retirement plan under chapter 353G;
- (4) provides retirement coverage to its firefighters through the public employees police and fire retirement plan under sections 353.63 to 353.68; and
- (5) is certified by the executive director of the Public Employees Retirement Association to the state auditor to have had an employer contribution under section 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire state aid for the immediately prior calendar year.

Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor, in performing an audit or examination, shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office by relief association officials or municipal officials.

(b) The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

**69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE COMPANIES.**

For purposes of the first class city fire insurance premium tax surcharge aid program under section 297I.10, the commissioner shall enclose in the annual statement blank that is sent to all fire insurance companies doing business in this state a blank form containing the names of all cities of the first class and require these companies, at the time of making their annual statements to the commissioner, to state on these blanks the amount of premiums received by them upon properties insured within the corporate limits of the cities named thereon during the year ending December 31st last past. Thereafter, before July first each year, the commissioner shall certify to the commissioner of management and budget the information thus obtained, together with the amount of the tax for the benefit of the pension plans covering firefighters in cities of the first class paid in such year by these companies upon these insurance premiums.

**69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a volunteer firefighters' relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

- (1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;
- (2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;
- (3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;
- (4) audit and audit-related services, accounting and accounting-related services, and actuarial, medical, legal, and investment and performance evaluation expenses;
- (5) filing and application fees payable by the relief association to federal or other governmental entities;



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(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

**270C.131 EXPLORE MINNESOTA TOURISM TAX REPORT.**

Within 30 days of the end of each quarter, the Department of Revenue shall provide Explore Minnesota Tourism with a quarterly report of comparisons of quarterly sales taxes collected under the Standard Industrial Classification System, or equivalent codes in the North America Industry Classification System, in the following areas:

- (1) SIC 70, lodging;
- (2) SIC 79, amusement and recreation; and
- (3) SIC 58, eating and drinking.

**275.29 ABSTRACTS TO COMMISSIONER OF REVENUE.**

Not later than March 31, in each year, the county auditor shall make and transmit to the commissioner of revenue, in such form as may be prescribed by the commissioner of revenue, complete abstracts of the tax lists of the county, showing the number of acres of land assessed; its value, including the structures thereon; the value of town and city lots, including structures; the total value of all taxable personal property in the several assessment districts; the aggregate amount of all taxable property in the county, and the total amount of taxes levied therein for state, county, town, and all other purposes for that year.

**289A.38 LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.**

Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any period, as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, credits, or withholding tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner. The report must be submitted within 180 days after the final determination and must be in the form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or income tax return conceding the accuracy of the federal determination or a letter detailing how the federal determination is incorrect or does not change the Minnesota tax. An amended Minnesota income tax return must be accompanied by an amended property tax refund return, if necessary. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within 180 days after filing the amended return.

Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails to make a report as required by subdivision 7, the commissioner may recompute the tax, including a refund, based on information available to the commissioner. The tax may be recomputed within six years after the report should have been filed, notwithstanding any period of limitations to the contrary.

Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is required to make a report under subdivision 7, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes

that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is the physical presence of examiners in the taxpayer's or taxpayer's representative's office conducting an examination of the taxpayer with the intention of issuing an assessment or notice of change in tax or which results in the issuing of an assessment or notice of change in tax. The examination may include inspecting a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

**290.0131 INDIVIDUALS; ADDITIONS TO FEDERAL TAXABLE INCOME.**

Subd. 7. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

Subd. 11. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 12. **Disallowed itemized deductions.** (a) The amount of disallowed itemized deductions is an addition. The amount of disallowed itemized deductions, plus the addition required under subdivision 3, may not be more than the amount by which the itemized deductions, as allowed under section 63(d) of the Internal Revenue Code, exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code.

(b) The amount of disallowed itemized deductions is equal to the lesser of:

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(2) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year.

(c) "Applicable amount" means \$100,000, or \$50,000 for a married individual filing a separate return. Each dollar amount is increased by an amount equal to:

(1) that dollar amount, multiplied by

(2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

(d) "Itemized deductions" excludes:

(1) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(2) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(3) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code.

Subd. 13. **Disallowed personal exemption amount.** (a) The amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount is an addition.

(b) The disallowed personal exemption amount is equal to the number of personal exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal Revenue Code, and by the applicable percentage.

(c) For a married individual filing a separate return, "applicable percentage" means two percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. For all other filers, applicable percentage means two percentage points for each \$2,500, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. The applicable percentage must not exceed 100 percent.

(d) "Threshold amount" means:

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- (1) \$150,000 for a joint return or a surviving spouse;
  - (2) \$125,000 for a head of a household;
  - (3) \$100,000 for an individual who is not married and who is not a surviving spouse or head of a household; and
  - (4) \$75,000 for a married individual filing a separate return.
- (e) The thresholds must be increased by an amount equal to:
- (1) the threshold dollar amount, multiplied by
  - (2) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) of section 1(f)(3).

**290.0132 INDIVIDUALS; SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.**

Subd. 8. **Subnational foreign taxes.** (a) For individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year is a subtraction, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit.

(b) For purposes of this subdivision, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit.

**290.0133 CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.**

Subd. 13. **Income attributable to domestic production activities.** The amount of the deduction allowable under section 199 of the Internal Revenue Code is an addition.

Subd. 14. **Fines, fees, and penalties.** The amount of expenses disallowed under section 290.10, subdivision 2, is an addition.

**290.10 NONDEDUCTIBLE ITEMS.**

Subd. 2. **Fines, fees, and penalties.** (a) Except as provided in this subdivision, no deduction from taxable income for a trade or business expense under section 162(a) of the Internal Revenue Code shall be allowed for any amount paid or incurred, whether by suit, agreement, or otherwise, to, or at the direction of, a government or entity described in paragraph (d) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

(b) Exception for amounts constituting restitution or paid to come into compliance with the law. Paragraph (a) does not apply to any amount which:

- (1) the taxpayer establishes:
  - (i) constitutes restitution, including remediation of property for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law; or
  - (ii) is paid to come into compliance with any law which was violated or involved in the investigation or inquiry; and
- (2) is identified as restitution or as an amount paid to come into compliance with the law, as the case may be, in the court order or settlement agreement.

This paragraph does not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

(c) Paragraph (a) does not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (d) is a party.

(d) An entity is described in this paragraph if it is:

- (1) a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, in connection with a qualified board or exchange, as defined in section 1256(g)(7) of the Internal Revenue Code; or

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(2) to the extent provided in federal regulations, a nongovernmental entity which exercises self-regulatory powers, including imposing sanctions, as part of performing an essential governmental function.

(e) Paragraph (a) does not apply to any amount paid or incurred as taxes due.

**296A.03 DISTRIBUTOR'S LICENSE.**

Subd. 5. **Form of application; bond.** (a) A written application shall be made in the form and manner prescribed by the commissioner.

(b) The commissioner shall also require the applicant or licensee to deposit with the commissioner of management and budget securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, fees, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state. The bond shall cover all places of business within the state where petroleum products are received by the licensee. The applicant or licensee shall designate and maintain an agent in this state upon whom service may be made for all purposes of this section.

(c) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of \$3,000 for the first year.

(d) The commissioner, on reaching the opinion that the bond given by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient.

(e) A licensee who desires to be exempt from depositing securities or furnishing such bond shall furnish to the commissioner an itemized financial statement showing the assets and the liabilities of the applicant. If it appears to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt the applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

(f) When the surety upon any bond issued under the provisions of this chapter have fulfilled the conditions of such bond and compensated the state for any loss occasioned by any act or omission of any licensee under this chapter, such surety shall be subrogated to all the rights of the state in connection with the transaction where such loss occurred.

**296A.04 SPECIAL FUEL DEALER'S LICENSE; REQUIREMENTS.**

Subd. 2. **Bond.** The provisions of section 296A.03, subdivision 5, paragraphs (b), (d), (e), and (f), relating to bonds apply to special fuel dealers.

**296A.05 BULK PURCHASER'S LICENSE; REQUIREMENTS.**

Subd. 2. **Bond.** The provisions of section 296A.03, subdivision 5, paragraphs (b), (d), (e), and (f), relating to bonds apply to bulk purchasers.

**297A.66 JURISDICTION TO REQUIRE COLLECTION AND REMITTANCE OF TAX BY RETAILER.**

Subd. 4b. **Collection and remittance requirements for marketplace providers and marketplace retailers.** (a) A marketplace provider shall collect sales and use taxes and remit them to the commissioner under section 297A.77 for all facilitated sales for a retailer, and is subject to audit on the retail sales it facilitates unless either:

(1) the retailer provides a copy of the retailer's registration to collect sales and use tax in this state to the marketplace provider before the marketplace provider facilitates a sale; or

(2) upon inquiry by the marketplace provider or its agent, the commissioner discloses that the retailer is registered to collect sales and use taxes in this state.

(b) Nothing in this subdivision shall be construed to interfere with the ability of a marketplace provider and a retailer to enter into an agreement regarding fulfillment of the requirements of this chapter.

(c) A marketplace provider is not liable under this subdivision for failure to file and collect and remit sales and use taxes if the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the retailer. This paragraph does

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not apply if the marketplace provider and the marketplace retailer are related as defined in subdivision 4, paragraph (b).

**297F.08 CIGARETTE STAMPS.**

Subd. 5. **Deposit of proceeds.** The commissioner shall use the amounts appropriated by law to purchase stamps for resale. The commissioner shall charge the purchasers for the costs of the stamps along with the tax value plus shipping costs. The costs recovered along with shipping costs must be deposited into the general fund.

**297I.25 INFORMATION RETURNS.**

Subd. 2. **Firetown and police premium reports.** To the extent required by section 69.021, each insurer shall file with the commissioner a Minnesota firetown premium report and Minnesota aid to police premium report.

**8125.0410 DISTRIBUTOR'S LICENSES.**

Subpart 1. **Exemption from depositing securities or filing a bond.** The commissioner will determine which distributor license applicants are financially responsible and, as a result, qualify for the statutory exemption from depositing securities or filing a bond, by taking into consideration all relevant factors. Those factors include the following:

A. whether the applicant's financial statement reflects that the applicant's current assets are at least equal to its current liabilities and that the applicant's net worth is at least three times its average quarterly motor fuel tax liability;

B. whether the applicant has failed to file or has been delinquent in filing any motor fuel tax returns;

C. whether the applicant has ever failed to pay its motor fuel tax liability, paid it late, or paid with a check that was later returned by the bank unpaid; and

D. any other evidence of the financial responsibility of the applicant.