

1.1 Senator moves to amend S.F. No. 961 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 FEDERAL UPDATE

1.5 Section 1. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision
1.6 to read:

1.7 Subd. 7a. Pass-through entity tax. (a) For the purposes of this subdivision, the following
1.8 terms have the meanings given:

1.9 (1) "income" has the meaning given in subdivision 7, paragraph (j), except that the
1.10 provisions that apply to a partnership apply to a qualifying entity and the provisions that
1.11 apply to a partner apply to a qualifying owner. The income of both a resident and nonresident
1.12 qualifying owner is allocated and assigned to this state as provided for nonresident partners
1.13 and shareholders under section 290.17;

1.14 (2) "qualifying owner" means a resident or nonresident individual, estate, or trust that
1.15 is a partner, member, or shareholder of a qualifying entity; and

1.16 (3) "qualifying entity" means a partnership, limited liability company, or corporation
1.17 organized under subchapter S of the Internal Revenue Code for federal income tax purposes,
1.18 including a qualified subsidiary also organized under subchapter S of the Internal Revenue
1.19 Code. Qualifying entity does not include a partnership, limited liability company, or
1.20 corporation that has a partnership, limited liability company, or corporation as a partner,
1.21 member, or shareholder.

1.22 (b) A qualifying entity may elect to file a return and pay the pass-through entity tax
1.23 imposed under paragraph (c). The election:

1.24 (1) must be made on or before the due date or extended due date of the qualifying entity's
1.25 pass-through entity tax return;

1.26 (2) may only be made by qualifying owners who hold more than a 50 percent ownership
1.27 interest in a qualifying entity; and

1.28 (3) is binding on all qualifying owners who have an ownership interest in the qualifying
1.29 entity.

1.30 (c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a
1.31 qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

2.1 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount
2.2 of the qualifying owner's income multiplied by the tax rates and brackets used to determine
2.3 the tax liability for married individuals filing separate returns, estates, and trusts under
2.4 section 290.06, subdivision 2c. When making this determination:

2.5 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
2.6 and

2.7 (2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

2.8 (e) The amount of each credit and deduction used to determine a qualifying owner's tax
2.9 liability under paragraph (d) must also be used to determine that qualifying owner's individual
2.10 income tax liability under chapter 290.

2.11 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
2.12 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
2.13 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
2.14 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying
2.15 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
2.16 tax.

2.17 (g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the
2.18 treatment of distributions, is determined as if the election to pay the pass-through entity tax
2.19 under paragraph (b) is not made.

2.20 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a
2.21 pass-through entity tax return must be treated as a composite return and a qualifying entity
2.22 filing a pass-through entity tax return must be treated as a partnership filing a composite
2.23 return.

2.24 (i) The provisions of subdivision 17 apply to the election to pay the pass-through entity
2.25 tax under this subdivision.

2.26 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
2.27 and pay the tax under this subdivision has no other Minnesota source income, filing of the
2.28 pass-through entity tax return is a return for purposes of subdivision 1, provided that the
2.29 nonresident qualifying owner must not have any Minnesota source income other than the
2.30 income from the qualifying entity and other electing qualifying entities. If it is determined
2.31 that the nonresident qualifying owner has other Minnesota source income, the inclusion of
2.32 the income and tax liability for that owner under this provision will not constitute a return
2.33 to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the

3.1 pass-through entity tax return is allowed as a payment of the tax by the individual on the
3.2 date on which the pass-through entity tax return payment was made.

3.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.4 31, 2020.

3.5 Sec. 2. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
3.6 to read:

3.7 Subd. 31. **Certain unemployment insurance compensation payments.** For taxable
3.8 years beginning after December 31, 2019, and before January 1, 2021, 18 percent of the
3.9 amount of unemployment compensation received by an individual under section 2104 of
3.10 the CARES Act, Public Law 116-136, is a subtraction. The subtraction is reduced by \$1 for
3.11 every \$4 of adjusted gross income over:

3.12 (1) \$150,000 for married couples filing a joint return or surviving spouses;

3.13 (2) \$112,500 for head of household filers; and

3.14 (3) \$75,000 for all other filers.

3.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.16 31, 2019, and before January 1, 2021.

3.17 Sec. 3. Minnesota Statutes 2020, section 290.06, subdivision 22, is amended to read:

3.18 Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes
3.19 based on net income to another state, as provided in paragraphs (b) through (f), upon income
3.20 allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state
3.21 if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who
3.22 is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who
3.23 is subject to income tax as a resident in the state of the individual's domicile is not allowed
3.24 this credit unless the state of domicile does not allow a similar credit.

3.25 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax
3.26 payable under this chapter by the ratio derived by dividing the income subject to tax in the
3.27 other state that is also subject to tax in Minnesota while a resident of Minnesota by the
3.28 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue
3.29 Code, modified by the addition required by section 290.0131, subdivision 2, and the
3.30 subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated
3.31 or assigned to Minnesota under sections 290.081 and 290.17.

4.1 (c) If the taxpayer is an athletic team that apportions all of its income under section
4.2 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this
4.3 chapter by the ratio derived from dividing the total net income subject to tax in the other
4.4 state by the taxpayer's Minnesota taxable income.

4.5 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of
4.6 tax so paid to the other state on the gross income earned within the other state subject to
4.7 tax under this chapter; and

4.8 (2) the allowance of the credit does not reduce the taxes paid under this chapter to an
4.9 amount less than what would be assessed if the gross income earned within the other state
4.10 were excluded from taxable net income.

4.11 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the
4.12 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum
4.13 distribution that is also subject to tax under section 290.032, and shall not exceed the tax
4.14 assessed under section 290.032. To the extent the total lump-sum distribution defined in
4.15 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or
4.16 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution
4.17 allowed under section 290.032, subdivision 2, includes tax paid to another state that is
4.18 properly apportioned to that distribution.

4.19 (f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax
4.20 in such other state on that same income after the Minnesota statute of limitations has expired,
4.21 the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any
4.22 statute of limitations to the contrary. The claim for the credit must be submitted within one
4.23 year from the date the taxes were paid to the other state. The taxpayer must submit sufficient
4.24 proof to show entitlement to a credit.

4.25 (g) For the purposes of this subdivision, a resident shareholder of a corporation treated
4.26 as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed
4.27 on the shareholder in an amount equal to the shareholder's pro rata share of any net income
4.28 tax paid by the S corporation to another state. For the purposes of the preceding sentence,
4.29 the term "net income tax" means any tax imposed on or measured by a corporation's net
4.30 income.

4.31 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a
4.32 partnership under the Internal Revenue Code must be considered to have paid a tax imposed
4.33 on the partner in an amount equal to the partner's pro rata share of any net income tax paid
4.34 by the partnership to another state. For purposes of the preceding sentence, the term "net

5.1 income" tax means any tax imposed on or measured by a partnership's net income. For
5.2 purposes of this paragraph, "partnership" includes a limited liability company and "partner"
5.3 includes a member of a limited liability company.

5.4 (i) For the purposes of this subdivision, "another state":

5.5 (1) includes:

5.6 (i) the District of Columbia; and

5.7 (ii) a province or territory of Canada; but

5.8 (2) excludes Puerto Rico and the several territories organized by Congress.

5.9 (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state
5.10 by state basis.

5.11 (k) For a tax imposed by a province or territory of Canada, the tax for purposes of this
5.12 subdivision is the excess of the tax over the amount of the foreign tax credit allowed under
5.13 section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit
5.14 allowed, the net income taxes imposed by Canada on the income are deducted first. Any
5.15 remaining amount of the allowable foreign tax credit reduces the provincial or territorial
5.16 tax that qualifies for the credit under this subdivision.

5.17 (l)(1) The credit allowed to a qualifying individual under this section for tax paid to a
5.18 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount
5.19 calculated by multiplying:

5.20 (i) the difference between the preliminary credit and the credit calculated under paragraphs
5.21 (b) and (d), by

5.22 (ii) the ratio derived by dividing the income subject to tax in the qualifying state that
5.23 consists of compensation for performance of personal or professional services by the total
5.24 amount of income subject to tax in the qualifying state.

5.25 (2) If the amount of the credit that a qualifying individual is eligible to receive under
5.26 clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before
5.27 the application of the credit calculated under clause (1), the commissioner shall refund the
5.28 excess to the qualifying individual. An amount sufficient to pay the refunds required by this
5.29 subdivision is appropriated to the commissioner from the general fund.

5.30 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying
5.31 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying
5.32 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"

6.1 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received
6.2 compensation during the taxable year for the performance of personal or professional services
6.3 within a qualifying state; and "qualifying state" means a state with which an agreement
6.4 under section 290.081 is not in effect for the taxable year but was in effect for a taxable
6.5 year beginning before January 1, 2010.

6.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.7 31, 2020.

6.8 Sec. 4. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to
6.9 read:

6.10 Subd. 40. **Pass-through entity tax credit.** (a) A qualifying owner of a qualifying entity
6.11 that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may
6.12 claim a credit against the tax due under this chapter equal to the amount of the owner's tax
6.13 liability as calculated under section 289A.08, subdivision 7a, paragraph (d).

6.14 (b) If the amount of the credit the taxpayer may claim under this subdivision exceeds
6.15 the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the
6.16 excess to the taxpayer. The amount necessary to pay the claim for the refund provided in
6.17 this subdivision is appropriated from the general fund to the commissioner of revenue.

6.18 (c) For purposes of this subdivision, "qualifying entity," "qualifying owner," and "tax
6.19 liability" have the meanings given in section 289A.08, subdivision 7a, paragraphs (a) and
6.20 (d).

6.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.22 31, 2020.

6.23 Sec. 5. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

6.24 **Subd. 4b. Withholding by partnerships.** (a) A partnership shall deduct and withhold
6.25 a tax as provided in paragraph (b) for nonresident individual partners based on their
6.26 distributive shares of partnership income for a taxable year of the partnership.

6.27 (b) The amount of tax withheld is determined by multiplying the partner's distributive
6.28 share allocable to Minnesota under section 290.17, paid or credited during the taxable year
6.29 by the highest rate used to determine the income tax liability for an individual under section
6.30 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the
6.31 commissioner if the partner submits a withholding exemption certificate under subdivision
6.32 5.

7.1 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the
7.2 partnership had reasonable cause to believe that no tax was due under this section.

7.3 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold
7.4 tax for a nonresident partner if:

7.5 (1) the partner elects to have the tax due paid as part of the partnership's composite return
7.6 under section 289A.08, subdivision 7;

7.7 (2) the partner has Minnesota assignable federal adjusted gross income from the
7.8 partnership of less than \$1,000; or

7.9 (3) the partnership is liquidated or terminated, the income was generated by a transaction
7.10 related to the termination or liquidation, and no cash or other property was distributed in
7.11 the current or prior taxable year;

7.12 (4) the distributive shares of partnership income are attributable to:

7.13 (i) income required to be recognized because of discharge of indebtedness;

7.14 (ii) income recognized because of a sale, exchange, or other disposition of real estate,
7.15 depreciable property, or property described in section 179 of the Internal Revenue Code;
7.16 or

7.17 (iii) income recognized on the sale, exchange, or other disposition of any property that
7.18 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of
7.19 the Internal Revenue Code

7.20 to the extent that the income does not include cash received or receivable or, if there is cash
7.21 received or receivable, to the extent that the cash is required to be used to pay indebtedness
7.22 by the partnership or a secured debt on partnership property; ~~or~~

7.23 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the
7.24 Internal Revenue Code; or

7.25 (6) the partnership has elected to pay the pass-through entity tax under section 289A.08,
7.26 subdivision 7a.

7.27 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
7.28 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an
7.29 employer.

7.30 (f) To the extent that income is exempt from withholding under paragraph (d), clause
7.31 (4), the commissioner has a lien in an amount up to the amount that would be required to
7.32 be withheld with respect to the income of the partner attributable to the partnership interest,

8.1 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63
8.2 from the date of assessment of the tax against the partner, and attaches to that partner's share
8.3 of the profits and any other money due or to become due to that partner in respect of the
8.4 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity
8.5 for recording the lien. The notice has the force and effect of a levy under section 270C.67,
8.6 and is enforceable against the partnership in the manner provided by that section. Upon
8.7 payment in full of the liability subsequent to the notice of lien, the partnership must be
8.8 notified that the lien has been satisfied.

8.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.10 31, 2020.

8.11 Sec. 6. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

8.12 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in
8.13 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)
8.14 for nonresident individual shareholders their share of the corporation's income for the taxable
8.15 year.

8.16 (b) The amount of tax withheld is determined by multiplying the amount of income
8.17 allocable to Minnesota under section 290.17 by the highest rate used to determine the income
8.18 tax liability of an individual under section 290.06, subdivision 2c, except that the amount
8.19 of tax withheld may be determined by the commissioner if the shareholder submits a
8.20 withholding exemption certificate under subdivision 5.

8.21 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold
8.22 tax for a nonresident shareholder, if:

8.23 (1) the shareholder elects to have the tax due paid as part of the corporation's composite
8.24 return under section 289A.08, subdivision 7;

8.25 (2) the shareholder has Minnesota assignable federal adjusted gross income from the
8.26 corporation of less than \$1,000; ~~or~~

8.27 (3) the corporation is liquidated or terminated, the income was generated by a transaction
8.28 related to the termination or liquidation, and no cash or other property was distributed in
8.29 the current or prior taxable year; or

8.30 (4) the S corporation has elected to pay the pass-through entity tax under section 289A.08,
8.31 subdivision 7a.

9.1 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
9.2 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an
9.3 employer.

9.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
9.5 31, 2020.

9.6 **Sec. 7. CLARIFICATION OF SECTION 179 EXPENSING CONFORMITY.**

9.7 For taxable years beginning after December 31, 2019, no addition is required under
9.8 Minnesota Statutes, sections 290.0131, subdivision 10, and 290.0133, subdivision 12, for
9.9 property placed in service in taxable years beginning before January 1, 2020, including the
9.10 following:

9.11 (1) the addition for carryover amounts pursuant to section 179(b)(3) of the Internal
9.12 Revenue Code for property placed in service in taxable years beginning before January 1,
9.13 2020; and

9.14 (2) the addition for property placed in service in taxable years beginning before January
9.15 1, 2020, resulting from being a shareholder or partner in an S-corporation or partnership
9.16 with a taxable year that began before January 1, 2020.

9.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
9.18 after December 31, 2019.

9.19 **Sec. 8. CLARIFICATION OF NET OPERATING LOSS TREATMENT.**

9.20 The reference to the Internal Revenue Code in section 8, subdivision 2, clauses (1) to
9.21 (3):

9.22 (1) applies only to:

9.23 (i) the exclusion from gross income under section 1106 of Public Law 116-136;

9.24 (ii) modifications to Paycheck Protection Program loan requirements under Public Laws
9.25 116-142, 116-139, and 116-147; and

9.26 (iii) deductions allowed under section 276 of Public Law 116-260; and

9.27 (2) does not apply to the modifications to treatment of net operating losses under section
9.28 2303 of Public Law 116-136, as modified by section 281 of Public Law 116-260.

10.1 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
10.2 that changes incorporated by federal changes are effective retroactively at the same time
10.3 the changes were effective for federal purposes.

10.4 Sec. 9. **EXCLUSION FROM GROSS INCOME FOR CERTAIN FORGIVEN PPP**
10.5 **LOANS AND EDUCATOR EXPENSES.**

10.6 Subdivision 1. **Scope.** This section applies for the purpose of calculating:

10.7 (1) net income, as defined in Minnesota Statutes, section 290.01, subdivision 19;

10.8 (2) income, as defined in Minnesota Statutes, section 290.0674, subdivision 2a;

10.9 (3) alternative minimum taxable income, as defined in Minnesota Statutes, section
10.10 290.091, subdivision 2;

10.11 (4) alternative minimum taxable income, as defined in Minnesota Statutes, section
10.12 290.0921, subdivision 3; and

10.13 (5) income, as defined in Minnesota Statutes, section 290A.03, subdivision 3.

10.14 Subd. 2. **Adopting federal changes related to the paycheck protection program and**
10.15 **certain educator expenses.** "Internal Revenue Code" has the meaning given in Minnesota
10.16 Statutes, section 290.01, subdivision 31, as amended through the date specified in that
10.17 subdivision, but including the following amendments:

10.18 (1) the exclusion from gross income under Public Law 116-136, section 1106;

10.19 (2) section 276 of Public Law 116-260;

10.20 (3) all modifications to the Internal Revenue Code in Public Laws 116-142 and 116-147;
10.21 and

10.22 (4) for taxable years beginning after December 31, 2019, and before January 1, 2022,
10.23 the exclusion from gross income of educator expenses, including personal protective
10.24 equipment, disinfectant, and other supplies used for the prevention of the spread of
10.25 COVID-19 under section 275 of Public Law 116-260.

10.26 Subd. 3. **No denial of deduction.** Notwithstanding Minnesota Statutes, section 290.10,
10.27 the commissioner of revenue must not deny a taxpayer a deduction that is allowed under
10.28 section 276 of the COVID-related Tax Relief Act of 2020 in Public Law 116-260.

10.29 **EFFECTIVE DATE.** This section is effective retroactively at the same time the
10.30 provisions of federal law specified in subdivision 2, clauses (1) to (3), were effective for
10.31 federal purposes, except that the provision of federal law specified in subdivision 2, clause

11.1 (4), is effective for taxable years beginning after December 31, 2019, and before January
11.2 1, 2022.

11.3 ARTICLE 2

11.4 INCOME AND CORPORATE FRANCHISE TAXES

11.5 Section 1. Minnesota Statutes 2020, section 116J.8737, subdivision 5, is amended to read:

11.6 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit
11.7 equal to 25 percent of the qualified investment in a qualified small business. Investments
11.8 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The
11.9 commissioner must not allocate more than \$10,000,000 in credits to qualified investors or
11.10 qualified funds for each of the taxable years listed in paragraph (i), clauses (1) to (3). For
11.11 each taxable year, 50 percent must be allocated to credits for qualified investments in
11.12 qualified greater Minnesota businesses and minority-owned, women-owned, or
11.13 veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's
11.14 credits that is reserved for qualified investments in greater Minnesota businesses and
11.15 minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota
11.16 that is not allocated by September 30 of the taxable year is available for allocation to other
11.17 credit applications beginning on October 1. Any portion of a taxable year's credits that is
11.18 not allocated by the commissioner does not cancel and may be carried forward to subsequent
11.19 taxable years until all credits have been allocated.

11.20 (b) The commissioner may not allocate more than a total maximum amount in credits
11.21 for a taxable year to a qualified investor for the investor's cumulative qualified investments
11.22 as an individual qualified investor and as an investor in a qualified fund; for married couples
11.23 filing joint returns the maximum is \$250,000, and for all other filers the maximum is
11.24 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
11.25 over all taxable years for qualified investments in any one qualified small business.

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

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

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

12.1 A member of the family of an individual disqualified by this paragraph is not eligible for a
12.2 credit under this section. For a married couple filing a joint return, the limitations in this
12.3 paragraph apply collectively to the investor and spouse. For purposes of determining the
12.4 ownership interest of an investor under this paragraph, the rules under section 267(c) and
12.5 267(e) of the Internal Revenue Code apply.

12.6 (d) Applications for tax credits ~~for 2010~~ must be made available on the department's
12.7 website by September 1, ~~2010~~ each year, and the department must begin accepting
12.8 applications by September 1, ~~2010~~ each year. Applications for subsequent years must be
12.9 made available by November 1 of the preceding year.

12.10 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
12.11 Tax credits must be allocated to qualified investors or qualified funds in the order that the
12.12 tax credit request applications are filed with the department. The commissioner must approve
12.13 or reject tax credit request applications within 15 days of receiving the application. The
12.14 investment specified in the application must be made within 60 days of the allocation of
12.15 the credits. If the investment is not made within 60 days, the credit allocation is canceled
12.16 and available for reallocation. A qualified investor or qualified fund that fails to invest as
12.17 specified in the application, within 60 days of allocation of the credits, must notify the
12.18 commissioner of the failure to invest within five business days of the expiration of the
12.19 60-day investment period.

12.20 (f) All tax credit request applications filed with the department on the same day must
12.21 be treated as having been filed contemporaneously. If two or more qualified investors or
12.22 qualified funds file tax credit request applications on the same day, and the aggregate amount
12.23 of credit allocation claims exceeds the aggregate limit of credits under this section or the
12.24 lesser amount of credits that remain unallocated on that day, then the credits must be allocated
12.25 among the qualified investors or qualified funds who filed on that day on a pro rata basis
12.26 with respect to the amounts claimed. The pro rata allocation for any one qualified investor
12.27 or qualified fund is the product obtained by multiplying a fraction, the numerator of which
12.28 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
12.29 denominator of which is the total of all credit allocation claims filed on behalf of all
12.30 applicants on that day, by the amount of credits that remain unallocated on that day for the
12.31 taxable year.

12.32 (g) A qualified investor or qualified fund, or a qualified small business acting on their
12.33 behalf, must notify the commissioner when an investment for which credits were allocated
12.34 has been made, and the taxable year in which the investment was made. A qualified fund
12.35 must also provide the commissioner with a statement indicating the amount invested by

13.1 each investor in the qualified fund based on each investor's share of the assets of the qualified
 13.2 fund at the time of the qualified investment. After receiving notification that the investment
 13.3 was made, the commissioner must issue credit certificates for the taxable year in which the
 13.4 investment was made to the qualified investor or, for an investment made by a qualified
 13.5 fund, to each qualified investor who is an investor in the fund. The certificate must state
 13.6 that the credit is subject to revocation if the qualified investor or qualified fund does not
 13.7 hold the investment in the qualified small business for at least three years, consisting of the
 13.8 calendar year in which the investment was made and the two following years. The three-year
 13.9 holding period does not apply if:

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

13.12 (2) 80 percent or more of the assets of the qualified small business is sold before the end
 13.13 of the three-year period;

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

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

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

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

13.20 (i) The credit allowed under this subdivision is effective for ~~each~~ of the following taxable
 13.21 years:

13.22 (1) taxable years beginning after December 31, 2018, and before January 1, 2020; ~~and~~

13.23 (2) taxable years beginning after December 31, 2020, and before January 1, 2022; and

13.24 (3) taxable years beginning after December 31, 2021, and before January 1, 2023.

13.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 13.26 31, 2021, and before January 1, 2023.

13.27 Sec. 2. Minnesota Statutes 2020, section 290.0132, subdivision 4, is amended to read:

13.28 Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following
 13.29 amounts paid to others for each qualifying child are a subtraction:

13.30 (1) education-related expenses; plus

14.1 (2) tuition and fees paid to attend a school described in section 290.0674, subdivision
14.2 1, clause (4), that are not included in education-related expenses; less

14.3 (3) any amount used to claim the credit under section 290.0674.

14.4 (b) The maximum subtraction allowed under this subdivision is:

14.5 (1) ~~\$1,625~~ \$1,640 for each qualifying child in kindergarten through grade 6; and

14.6 (2) ~~\$2,500~~ \$2,530 for each qualifying child in grades 7 through 12.

14.7 (c) The definitions in section 290.0674, subdivision 1, apply to this subdivision.

14.8 (d) The commissioner shall annually adjust the dollar amounts in paragraph (b), clauses

14.9 (1) and (2), as provided in section 270C.22. The statutory year is 2021.

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

14.11 31, 2020.

14.12 Sec. 3. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision

14.13 to read:

14.14 **Subd. 30. Volunteer driver reimbursement.** (a) A taxpayer is allowed a subtraction

14.15 equal to the amount of mileage reimbursement paid by a charitable organization to the

14.16 taxpayer for work as a volunteer driver. The subtraction is limited to amounts paid by the

14.17 organization that:

14.18 (1) are in excess of the mileage rate for use of an automobile in rendering gratuitous

14.19 services to a charitable organization under section 170(i) of the Internal Revenue Code; and

14.20 (2) do not exceed the standard mileage rate for businesses established under Code of

14.21 Federal Regulations, title 26, section 1.274-5(j)(2).

14.22 (b) For the purposes of this section, "charitable organization" means an organization

14.23 eligible for a charitable contribution under section 170(c) of the Internal Revenue Code.

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

14.25 31, 2020.

14.26 Sec. 4. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

14.27 **Subd. 2. Limitations.** (a) For claimants with income not greater than ~~\$33,500~~ \$33,840,

14.28 the maximum credit allowed for a family is ~~\$1,000~~ \$1,010 multiplied by the number of

14.29 qualifying children in kindergarten through grade 12 in the family. The maximum credit

14.30 for families with one qualifying child in kindergarten through grade 12 is reduced by \$1

15.1 for each \$4 of household income over \$33,500, and the maximum credit for families with
15.2 two or more qualifying children in kindergarten through grade 12 is reduced by \$2 for each
15.3 \$4 of household income over \$33,500, but in no case is the credit less than zero.

15.4 (b) In the case of a married claimant, a credit is not allowed unless a joint income tax
15.5 return is filed.

15.6 (c) For a nonresident or part-year resident, the credit determined under subdivision 1
15.7 and the maximum credit amount in paragraph (a) must be allocated using the percentage
15.8 calculated in section 290.06, subdivision 2c, paragraph (e).

15.9 (d) The commissioner shall annually adjust the \$33,840 income limitation amount and
15.10 the \$1,010 credit amount in paragraph (a) as provided in section 270C.22. The statutory
15.11 year is 2021.

15.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
15.13 31, 2020.

15.14 Sec. 5. Minnesota Statutes 2020, section 290.0681, subdivision 3, is amended to read:

15.15 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this section,
15.16 the developer of a project must apply to the office before the rehabilitation begins. The
15.17 application must contain the information and be in the form prescribed by the office. The
15.18 office may collect a fee for application of up to 0.5 percent of qualified rehabilitation
15.19 expenditures, up to \$40,000, based on estimated qualified rehabilitation expenditures, to
15.20 offset costs associated with personnel and administrative expenses related to administering
15.21 the credit and preparing the economic impact report in subdivision 9. Application fees are
15.22 deposited in the account. The application must indicate if the application is for a credit or
15.23 a grant in lieu of the credit or a combination of the two and designate the taxpayer qualifying
15.24 for the credit or the recipient of the grant.

15.25 (b) For applications received before July 1, 2021, upon approving an application for
15.26 credit, the office shall issue allocation certificates that:

15.27 (1) verify eligibility for the credit or grant;

15.28 (2) state the amount of credit or grant anticipated with the project, with the credit amount
15.29 equal to 100 percent and the grant amount equal to 90 percent of the federal credit anticipated
15.30 in the application;

16.1 (3) state that the credit or grant allowed may increase or decrease if the federal credit
16.2 the project receives at the time it is placed in service is different than the amount anticipated
16.3 at the time the allocation certificate is issued; and

16.4 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer or
16.5 grant recipient is entitled to receive one-fifth of the total amount of either the credit or the
16.6 grant at the time the project is placed in service, provided that date is within three calendar
16.7 years following the issuance of the allocation certificate.

16.8 (c) The office, in consultation with the commissioner, shall determine if the project is
16.9 eligible for a credit or a grant under this section and must notify the developer in writing
16.10 of its determination. Eligibility for the credit is subject to review and audit by the
16.11 commissioner.

16.12 (d) The federal credit recapture and repayment requirements under section 50 of the
16.13 Internal Revenue Code do not apply to the credit allowed under this section.

16.14 (e) Any decision of the office under paragraph (c) may be challenged as a contested case
16.15 under chapter 14. The contested case proceeding must be initiated within 45 days of the
16.16 date of written notification by the office.

16.17 **EFFECTIVE DATE.** This section is effective the day following final enactment and
16.18 applies to applications received before July 1, 2021.

16.19 Sec. 6. Minnesota Statutes 2020, section 290.0681, is amended by adding a subdivision
16.20 to read:

16.21 Subd. 3a. **Certain allocations on pro rata basis.** (a) This subdivision applies to
16.22 applications received after June 30, 2021, and before July 1, 2022.

16.23 (b) Upon approving an application for credit, the office shall verify eligibility for a credit
16.24 or grant and notify the taxpayer of eligibility.

16.25 (c) By November 1, 2022, the commissioner shall calculate the total amount of credits
16.26 or grants for which all taxpayers would be eligible under subdivision 3, paragraph (b), clause
16.27 (2).

16.28 (d) The commissioner must not allocate more than \$14,500,000 in credits or grants under
16.29 this subdivision. If the total amount of credits or grants calculated under paragraph (c)
16.30 exceeds \$14,500,000, the commissioner shall calculate the credit or grant amount for each
16.31 taxpayer on a pro rata basis. The commissioner shall notify the taxpayer in writing of the
16.32 credit or grant amount determined under this paragraph by December 31, 2022.

17.1 (e) The provisions of subdivision 3, paragraphs (a), (b), clauses (3) and (4), and (c) to
17.2 (e), apply to credit or grants calculated under this subdivision.

17.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and
17.4 applies to applications received after June 30, 2021, and before July 1, 2022.

17.5 Sec. 7. Minnesota Statutes 2020, section 290.0681, subdivision 4, is amended to read:

17.6 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the
17.7 office has issued an allocation certificate must notify the office when the project is placed
17.8 in service. Upon verifying that the project has been placed in service, and was allowed a
17.9 federal credit, the office must issue a credit certificate to the taxpayer designated in the
17.10 application or must issue a grant to the recipient designated in the application. The credit
17.11 certificate must state the amount of the credit.

17.12 (2) The credit amount equals the federal credit allowed for the project, or for credit
17.13 certificates issued under subdivision 3a, the amount stated in the allocation certificate.

17.14 (3) The grant amount equals 90 percent of the federal credit allowed for the project, or
17.15 for grants issued under subdivision 3a, the amount stated in the allocation certificate.

17.16 (b) The recipient of a credit certificate may assign the certificate to another taxpayer
17.17 before the first one-fifth payment is claimed, which is then allowed the credit under this
17.18 section or section 297I.20, subdivision 3. An assignment is not valid unless the assignee
17.19 notifies the commissioner within 30 days of the date that the assignment is made. The
17.20 commissioner shall prescribe the forms necessary for notifying the commissioner of the
17.21 assignment of a credit certificate and for claiming a credit by assignment.

17.22 (c) Credits passed through to partners, members, shareholders, or owners pursuant to
17.23 subdivision 5 are not an assignment of a credit certificate under this subdivision.

17.24 (d) A grant agreement between the office and the recipient of a grant may allow the
17.25 grant to be issued to another individual or entity.

17.26 **EFFECTIVE DATE.** This section is effective the day following final enactment and
17.27 applies to applications received after June 30, 2021, and before July 1, 2022.

17.28 Sec. 8. Minnesota Statutes 2020, section 290.0681, subdivision 10, is amended to read:

17.29 Subd. 10. **Sunset.** This section expires after fiscal year ~~2021~~ 2022, except that the office's
17.30 authority to issue credit certificates under subdivision 4 based on allocation certificates that
17.31 were issued before fiscal year ~~2022~~ 2023 remains in effect through ~~2024~~ 2025, and the

18.1 reporting requirements in subdivision 9 remain in effect through the year following the year
18.2 in which all allocation certificates have either been canceled or resulted in issuance of credit
18.3 certificates, or ~~2025~~ 2026, whichever is earlier.

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

18.5 Sec. 9. **[290.0683] MINNESOTA HOUSING TAX CREDIT.**

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

18.8 (b) "Agency" means the Minnesota Housing Finance Agency.

18.9 (c) "Minnesota housing tax credit contribution fund" or "fund" means the fund established
18.10 in section 462A.40.

18.11 (d) "Qualified project" means a project that qualifies for a grant or loan under section
18.12 462A.40.

18.13 (e) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer
18.14 as defined in section 297I.01, subdivision 16.

18.15 Subd. 2. **Credit allowed.** (a) A taxpayer is allowed a credit against the tax imposed
18.16 under this chapter and the premiums tax under chapter 297I for contributions of no less than
18.17 \$100 and no more than \$2,000,000 to the Minnesota housing tax credit contribution fund.
18.18 The credit equals 90 percent of the amount the taxpayer contributed to the fund during the
18.19 taxable year.

18.20 (b) The credit may be claimed only after certification by the agency as provided in
18.21 subdivision 3.

18.22 (c) To receive the credit, a taxpayer must claim the credit in the manner prescribed by
18.23 the commissioner and file with the return a copy of the credit certificate issued by the agency
18.24 under subdivision 3, paragraph (c).

18.25 (d) The taxpayer must claim the credit for the taxable year in which the contribution is
18.26 made.

18.27 (e) If the amount of the credit under this section exceeds the taxpayer's liability for tax
18.28 under this chapter, the excess is a credit carryover to each of the ten succeeding taxable
18.29 years. The entire amount of the excess unused credit for the taxable year must be carried
18.30 first to the earliest of the taxable years to which the credit may be carried and then to each
18.31 successive year to which the credit may be carried. The amount of the unused credit that

19.1 may be added under this paragraph may not exceed the taxpayer's liability for tax, less any
19.2 credit for the current taxable year.

19.3 (f) The contribution amount used to calculate the credit under this section may not be
19.4 used to calculate any other state income tax deduction or credit allowed by law.

19.5 (g) For nonresidents and part-year residents, the credit must be allocated based on the
19.6 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

19.7 Subd. 3. **Allocation.** (a) To qualify for the credit, a taxpayer must contribute to the
19.8 Minnesota housing tax credit contribution fund. A taxpayer may indicate that a contribution
19.9 is intended for a specific qualified project. A taxpayer is prohibited from contributing to
19.10 certain projects as provided in section 462A.40, subdivision 3.

19.11 (b) The aggregate amount of tax credits allowed to all eligible contributors is limited to
19.12 \$10,000,000 annually.

19.13 (c) Within 30 days after a taxpayer contributes to the fund, the agency must file with
19.14 the contributing taxpayer a credit certificate statement or return any amounts to the taxpayer
19.15 as provided in this paragraph. The agency must send a copy of the credit certificate to the
19.16 commissioner of revenue. If there are insufficient credits to match the contribution, the
19.17 agency must not issue a credit certificate for the amount of the contribution for which there
19.18 are insufficient credits, and must return that amount to the taxpayer before issuing any credit
19.19 certificate.

19.20 (d) The credit certificate must state the dollar amount of the contribution made by the
19.21 taxpayer, the date the payment was received by the fund, and indicate if the contribution
19.22 was intended for a specific qualified project.

19.23 Subd. 4. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
19.24 liability company taxed as a partnership, S corporation, or multiple owners of property are
19.25 passed through to the partners, members, shareholders, or owners, respectively, pro rata to
19.26 each partner, member, shareholder, or owner based on their share of the entity's assets or
19.27 as specially allocated in their organizational documents or any other executed document,
19.28 as of the last day of the taxable year.

19.29 Subd. 5. **Recapture.** (a) Credits claimed under this section are not subject to recapture.

19.30 (b) If a grant or loan made under section 462A.40 is canceled or recaptured, the grant
19.31 or loan is returned to the housing tax credit contribution fund. The agency is not required
19.32 to return contributions to taxpayers who indicated that a contribution was intended for a
19.33 project for which the loan or grant is recaptured or canceled.

20.1 Subd. 6. **Audit powers.** Notwithstanding the credit certificate issued by the commissioner
20.2 of the Minnesota Housing Finance Agency under subdivision 3, the commissioner of revenue
20.3 may use any audit and examination powers under chapter 270C or 289A to the extent
20.4 necessary to verify that the taxpayer is eligible for the credit and to assess for the amount
20.5 of any improperly claimed credit.

20.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
20.7 31, 2022, and before January 1, 2025.

20.8 Sec. 10. **[290.0693] CREDIT FOR ETHANOL RETAILERS.**

20.9 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have
20.10 the meanings given:

20.11 (1) "dealer" has the meaning given in section 296A.01, subdivision 13; and

20.12 (2) "higher ethanol blend" means gasoline blended with ethanol as defined in section
20.13 239.761, subdivision 4, that contains at least 15 percent ethanol but no more than 85 percent
20.14 ethanol.

20.15 Subd. 2. **Credit allowed.** A dealer that is subject to the tax imposed under section 290.03
20.16 is allowed a credit against the tax imposed under this chapter equal to five cents per gallon
20.17 of higher ethanol blend the dealer sells and dispenses through metered pumps at the dealer's
20.18 retail service station in a taxable year. The credit must not exceed a dealer's tax liability
20.19 under this chapter.

20.20 Subd. 3. **Pass-through entities.** Credits granted to a partnership, a limited liability
20.21 company taxed as a partnership, or S corporation are passed through to the partners, members,
20.22 shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or
20.23 owner based on their share of the entity's assets or as specially allocated in their
20.24 organizational documents or any other executed agreement as of the last day of the taxable
20.25 year.

20.26 Subd. 4. **Sunset.** This section expires for taxable years beginning after December 31,
20.27 2030.

20.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
20.29 31, 2020.

21.1 Sec. 11. [462A.40] MINNESOTA HOUSING TAX CREDIT CONTRIBUTION

21.2 FUND.

21.3 Subdivision 1. Fund created. The Minnesota housing tax credit contribution fund is
21.4 created as a revolving fund in the state treasury. The fund is administered by the
21.5 commissioner of the Minnesota Housing Finance Agency. Amounts contributed to the fund
21.6 are appropriated to the commissioner. The commissioner may use the amounts appropriated
21.7 to direct disbursements from the fund as loans or grants to eligible recipients as provided
21.8 in this section.

21.9 Subd. 2. Use of funds; grant and loan program. (a) The commissioner may award
21.10 grants and loans to be used for multifamily and single family developments for persons and
21.11 families of low and moderate income. Allowable use of the funds include: gap financing,
21.12 as defined in section 462A.33, subdivision 1; new construction; acquisition; rehabilitation;
21.13 demolition or removal of existing structures; construction financing; permanent financing;
21.14 interest rate reduction; and refinancing.

21.15 (b) The commissioner may give preference for grants and loans to comparable proposals
21.16 that include regulatory changes or waivers that result in identifiable cost avoidance or cost
21.17 reductions, including but not limited to increased density, flexibility in site development
21.18 standards, or zoning code requirements.

21.19 (c) Separate from the amounts set aside in paragraph (d), the commissioner shall set
21.20 aside ten percent of grants and loans for housing units located in a township or city with a
21.21 population of 2,500 or less that is located outside the metropolitan area, as defined in section
21.22 473.121, subdivision 2.

21.23 (d) The commissioner shall separately set aside:

21.24 (1) 35 percent of the financing under this section for housing for persons and families
21.25 whose income is 50 percent or less of the area median income for the applicable county or
21.26 metropolitan area as published by the Department of Housing and Urban Development, as
21.27 adjusted for household size; and

21.28 (2) 15 percent of the financing under this section for housing for persons and families
21.29 whose income is 30 percent or less of the area median income for the applicable county or
21.30 metropolitan area as published by the Department of Housing and Urban Development, as
21.31 adjusted for household size.

22.1 (e) If by June 1 of each year, the commissioner does not receive requests to use all of
22.2 the amounts set aside under paragraphs (c) and (d), the commissioner may use any remaining
22.3 financing for other projects eligible under this section.

22.4 Subd. 3. Eligible recipients; definitions; restrictions; use of funds. (a) The
22.5 commissioner may award a loan to any recipient that qualifies under subdivision 2. The
22.6 commissioner must not award a grant to a disqualified individual or disqualified business.

22.7 (b) For the purposes of this subdivision disqualified individual means an individual who:

22.8 (1) made a contribution to the fund in the current or prior taxable year and received a
22.9 credit certificate;

22.10 (2) owns the housing for which the grant or loan will be used and is using that housing
22.11 as their domicile;

22.12 (3) meets the following criteria:

22.13 (i) the individual is an officer or principal of a business entity; and

22.14 (ii) that business entity made a contribution to the fund in the current or previous taxable
22.15 year and received a credit certificate; or

22.16 (4) meets the following criteria:

22.17 (i) the individual owns, controls, or holds the power to vote 20 percent or more of the
22.18 outstanding securities of a business entity; and

22.19 (ii) that business entity made a contribution to the fund in the current or previous taxable
22.20 year and received a credit certificate.

22.21 (c) For the purposes of this subdivision disqualified business means a business entity
22.22 that:

22.23 (1) made a contribution to the fund in the current or prior taxable year and received a
22.24 credit certificate;

22.25 (2) has an officer or principal who is an individual who made a contribution to the fund
22.26 in the current or previous taxable year and received a credit certificate; or

22.27 (3) meets the following criteria:

22.28 (i) the business entity is owned, controlled, or is subject to the power to vote 20 percent
22.29 or more of the outstanding securities by an individual or business entity; and

22.30 (ii) that controlling individual or business entity made a contribution to the fund in the
22.31 current or previous taxable year and received a credit certificate.

23.1 (d) The disqualifications in paragraphs (b) and (c) apply if the taxpayer would be
23.2 disqualified either individually or in combination with one or more members of the taxpayer's
23.3 family, as defined in the Internal Revenue Code, section 267(c)(4). For a married couple
23.4 filing a joint return, the limitations in this paragraph apply collectively to the taxpayer and
23.5 spouse. For purposes of determining the ownership interest of a taxpayer under paragraph
23.6 (a), clause (4), the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

23.7 (e) Before applying for a grant or loan, all recipients must sign a disclosure that the
23.8 disqualifications under this subdivision do not apply. The commissioner of the Minnesota
23.9 Housing Finance Agency must prescribe the form of the disclosure.

23.10 (f) The commissioner may award grants or loans to a city as defined in section 462A.03,
23.11 subdivision 21; a federally recognized American Indian tribe or subdivision located in
23.12 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
23.13 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
23.14 authority or agency authorized by law to exercise any of the powers granted by sections
23.15 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and
23.16 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible
23.17 recipients apply to grants and loans awarded under this paragraph.

23.18 (g) Except for the set-aside provided in subdivision 2, paragraph (d), eligible recipients
23.19 must use the funds to serve households that meet the income limits as provided in section
23.20 462A.33, subdivision 5.

23.21 Subd. 4. **Recapture.** A loan or grant awarded under this section is subject to repayment
23.22 or recapture under rules adopted by the commissioner. Any amount of a loan or grant that
23.23 is repaid or recaptured must be redeposited in the fund and is not returned to the taxpayer
23.24 who made the contribution.

23.25 Subd. 5. **Report.** The commissioner shall report by January 15 each year to the chairs
23.26 and ranking minority members of the legislative policy and finance committees with
23.27 jurisdiction over housing on the tax credits and financing provided in the previous fiscal
23.28 year. The report shall provide a breakdown of the tax credits, grants, and loans by region
23.29 of the state. The report shall also include information on planned financing in the current
23.30 fiscal year.

23.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
23.32 31, 2022, and before January 1, 2025.

24.1 **Sec. 12. TEMPORARY TAX CREDIT FOR CERTAIN BREWERS, LIQUOR**
24.2 **RETAILERS, AND WHOLESALERS.**

24.3 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
24.4 the meanings given.

24.5 (b) "Closure or limited capacity" means:

24.6 (1) closed to ingress, egress, use, and occupancy by members of the public by Executive
24.7 Order 20-04, as extended, amended, and otherwise modified by any related executive order;
24.8 or

24.9 (2) subject to the requirements and limitations, including operating at reduced capacity,
24.10 of Executive Order 20-74, as extended, amended, and otherwise modified by any related
24.11 executive order.

24.12 (c) "Liquor spoilage" means:

24.13 (1) for a qualified brewer, the dollar amount of product purchased back from a liquor
24.14 wholesaler or liquor retailer, and the dollar amount of any product disposed of as unsalable,
24.15 due to closure or limited capacity;

24.16 (2) for a qualified retailer, the dollar amount of product returned without reimbursement
24.17 to a liquor wholesaler or manufacturer, and the dollar amount of any product disposed of
24.18 as unsalable, due to closure or limited capacity; and

24.19 (3) for a qualified wholesaler, the dollar amount of product purchased back from liquor
24.20 retailer, the dollar amount of product returned without reimbursement to a manufacturer,
24.21 and the dollar amount of any product disposed of as unsalable, due to closure or limited
24.22 capacity.

24.23 (d) "Qualified brewer" means a brewer licensed under Minnesota Statutes, section
24.24 340A.301, subdivision 6, clauses (c), (d), (i), and (j).

24.25 (e) "Qualified retailer" means any on-sale liquor licensee under Minnesota Statutes,
24.26 chapter 340A, that was subject to closure or limited capacity.

24.27 (f) "Qualified wholesaler" means a wholesaler as defined in Minnesota Statutes, section
24.28 340A.101, subdivision 28.

24.29 (g) Except as otherwise provided in this subdivision, the definitions in Minnesota Statutes,
24.30 chapter 340A, apply to this section.

24.31 Subd. 2. Credit allowed. (a) A qualified brewer, qualified retailer, and qualified
24.32 wholesaler are allowed a credit, equal to the amount of liquor spoilage in the taxable year,

25.1 against the tax imposed under Minnesota Statutes, chapter 290. The credit must be claimed
25.2 in a manner prescribed by the commissioner of revenue.

25.3 (b) The amounts used to calculate the credit under this section may not be used to
25.4 calculate any other credit or subtraction under Minnesota Statutes, chapter 290.

25.5 Subd. 3. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
25.6 liability company taxed as a partnership, an S corporation, or multiple owners of property
25.7 are passed through to the partners, members, shareholders, or owners, respectively, pro rata
25.8 to each partner, member, shareholder, or owner based on their share of the entity's assets
25.9 or as specially allocated in their organizational documents or any other executed agreement,
25.10 as of the last day of the taxable year.

25.11 Subd. 4. **Credit refundable; appropriation; administration.** (a) If a taxpayer's total
25.12 credit under this section exceeds the taxpayer's liability for tax under Minnesota Statutes,
25.13 chapter 290, the commissioner must refund the excess to the taxpayer. The amount necessary
25.14 to pay the refunds under this section is appropriated to the commissioner of revenue from
25.15 the general fund.

25.16 (b) The administrative provisions of Minnesota Statutes, chapters 270C, 289A, and 290,
25.17 apply to the credit under this section.

25.18 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
25.19 after December 31, 2019, and before January 1, 2022.

25.20 **ARTICLE 3**

25.21 **SALES AND USE; EXCISE TAXES**

25.22 Section 1. Minnesota Statutes 2020, section 16A.152, subdivision 2, is amended to read:

25.23 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund
25.24 revenues and expenditures, the commissioner of management and budget determines that
25.25 there will be a positive unrestricted budgetary general fund balance at the close of the
25.26 biennium, the commissioner of management and budget must allocate money to the following
25.27 accounts and purposes in priority order:

25.28 (1) the cash flow account established in subdivision 1 until that account reaches
25.29 \$350,000,000;

25.30 (2) the budget reserve account established in subdivision 1a until that account reaches
25.31 \$1,596,522,000;

26.1 (3) the amount necessary to increase the aid payment schedule for school district aids
26.2 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest
26.3 tenth of a percent without exceeding the amount available and with any remaining funds
26.4 deposited in the budget reserve;

26.5 (4) the amount necessary to restore all or a portion of the net aid reductions under section
26.6 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
26.7 subdivision 5, by the same amount;

26.8 ~~(5) the clean water fund established in section 114D.50 until \$22,000,000 has been~~
26.9 ~~transferred into the fund; and~~

26.10 ~~(6)~~ (5) the amount necessary to increase the Minnesota 21st century fund by not more
26.11 than the difference between \$5,000,000 and the sum of the amounts credited and canceled
26.12 to it in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the
26.13 sum of all transfers under this section and all amounts credited or canceled under Laws
26.14 2020, chapter 71, article 1, section 11, equals \$20,000,000; and

26.15 (6) for a forecast in November only, the amount remaining after the transfer under clause
26.16 (5) must be used to reduce the percentage of accelerated June liability sales tax payments
26.17 required under section 289A.20, subdivision 4, paragraph (b), until the percentage equals
26.18 zero, rounded to the nearest tenth of a percent. By March 1 each year the commissioner of
26.19 revenue must certify the percentage of June liability owed by qualifying vendors based on
26.20 the reduction required by this clause.

26.21 (b) The amounts necessary to meet the requirements of this section are appropriated
26.22 from the general fund within two weeks after the forecast is released or, in the case of
26.23 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
26.24 schedules otherwise established in statute.

26.25 (c) The commissioner of management and budget shall certify the total dollar amount
26.26 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.
26.27 The commissioner of education shall increase the aid payment percentage and reduce the
26.28 property tax shift percentage by these amounts and apply those reductions to the current
26.29 fiscal year and thereafter.

26.30 ~~(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been~~
26.31 ~~made.~~

26.32 **EFFECTIVE DATE.** This section is effective July 1, 2021.

27.1 Sec. 2. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

27.2 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
27.3 to the commissioner monthly on or before the 20th day of the month following the month
27.4 in which the taxable event occurred, or following another reporting period as the
27.5 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
27.6 or (g), except that use taxes due on an annual use tax return as provided under section
27.7 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

27.8 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30
27.9 must remit the June liability for the next year in the following manner:

27.10 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
27.11 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
27.12 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or
27.13 a reduced percentage as certified by the commissioner under section 16A.152, subdivision
27.14 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.

27.15 (2) On or before August 20 of the year, the vendor must pay any additional amount of
27.16 tax not remitted in June.

27.17 (c) A vendor having a liability of:

27.18 (1) \$10,000 or more, but less than \$250,000, ~~during a fiscal year ending June 30, 2013,~~
27.19 ~~and fiscal years thereafter,~~ must remit by electronic means all liabilities on returns due for
27.20 periods beginning in all subsequent calendar years on or before the 20th day of the month
27.21 following the month in which the taxable event occurred, or on or before the 20th day of
27.22 the month following the month in which the sale is reported under section 289A.18,
27.23 subdivision 4; or

27.24 (2) \$250,000 or more; ~~during a fiscal year ending June 30, 2013, and fiscal years~~
27.25 ~~thereafter,~~ must remit by electronic means all liabilities in the manner provided in paragraph
27.26 (a) on returns due for periods beginning in the subsequent calendar year, except for 90
27.27 percent of the estimated June liability, which is due two business days before June 30. The
27.28 remaining amount of the June liability is due on August 20.

27.29 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious
27.30 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer
27.31 must notify the commissioner of revenue of the intent to pay by mail before doing so on a
27.32 form prescribed by the commissioner. No extra fee may be charged to a person making
27.33 payment by mail under this paragraph. The payment must be postmarked at least two business

28.1 days before the due date for making the payment in order to be considered paid on a timely
28.2 basis.

28.3 (e) Paragraph (b) expires after the percentage of estimated payment is reduced to zero
28.4 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

28.5 **EFFECTIVE DATE.** This section is effective July 1, 2021.

28.6 Sec. 3. Minnesota Statutes 2020, section 297A.70, subdivision 13, is amended to read:

28.7 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by
28.8 the specified organizations for fund-raising purposes are exempt, subject to the limitations
28.9 listed in paragraph (b):

28.10 (1) all sales made by a nonprofit organization that exists solely for the purpose of
28.11 providing educational or social activities for young people primarily age 18 and under;

28.12 (2) all sales made by an organization that is a senior citizen group or association of
28.13 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized
28.14 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no
28.15 part of its net earnings inures to the benefit of any private shareholders;

28.16 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the
28.17 beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under
28.18 section 501(c)(3) of the Internal Revenue Code; and

28.19 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides
28.20 educational and social activities primarily for young people age 18 and under.

28.21 (b) The exemptions listed in paragraph (a) are limited in the following manner:

28.22 (1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first
28.23 \$20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

28.24 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
28.25 from admission charges or from activities for which the money must be deposited with the
28.26 school district treasurer under section 123B.49, subdivision 2, ~~or~~; and

28.27 (3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
28.28 from admission charges or from activities for which the money must be recorded in the
28.29 same manner as other revenues or expenditures of the school district under section 123B.49,
28.30 subdivision 4-, unless the following conditions are both met:

29.1 (i) the sales are made for fund-raising purposes of a club, association, or other
29.2 organization of elementary or secondary school students organized for the purpose of
29.3 carrying on sports activities, educational activities, or other extracurricular activities; and

29.4 (ii) the school district reserves revenue raised for extracurricular activities, as provided
29.5 in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular
29.6 extracurricular activity only for that extracurricular activity.

29.7 (c) Sales of tangible personal property and services are exempt if the entire proceeds,
29.8 less the necessary expenses for obtaining the property or services, will be contributed to a
29.9 registered combined charitable organization described in section 43A.50, to be used
29.10 exclusively for charitable, religious, or educational purposes, and the registered combined
29.11 charitable organization has given its written permission for the sale. Sales that occur over
29.12 a period of more than 24 days per year are not exempt under this paragraph.

29.13 (d) For purposes of this subdivision, a club, association, or other organization of
29.14 elementary or secondary school students organized for the purpose of carrying on sports,
29.15 educational, or other extracurricular activities is a separate organization from the school
29.16 district or school for purposes of applying the \$20,000 limit.

29.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the
29.18 date of final enactment.

29.19 Sec. 4. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to
29.20 read:

29.21 **Subd. 53. Public safety facilities.** (a) Materials and supplies used or consumed in and
29.22 equipment incorporated into the construction, remodeling, expansion, or improvement of
29.23 a fire station or police station, including related facilities, owned and operated by a local
29.24 government, as defined in section 297A.70, subdivision 2, paragraph (d), are exempt.

29.25 (b) For purposes of this subdivision, "related facilities" includes access roads, lighting,
29.26 sidewalks, and utility components on or adjacent to the property on which the fire station
29.27 or police station is located that are necessary for safe access to and use of those buildings.

29.28 (c) The tax must be imposed and collected as if the rate under section 297A.62,
29.29 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

29.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
29.31 30, 2021.

30.1 Sec. 5. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

30.2 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following
30.3 exempt items must be imposed and collected as if the sale were taxable and the rate under
30.4 section 297A.62, subdivision 1, applied. The exempt items include:

30.5 (1) building materials for an agricultural processing facility exempt under section
30.6 297A.71, subdivision 13;

30.7 (2) building materials for mineral production facilities exempt under section 297A.71,
30.8 subdivision 14;

30.9 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

30.10 (4) building materials used in a residence for veterans with a disability exempt under
30.11 section 297A.71, subdivision 11;

30.12 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

30.13 (6) materials and supplies for qualified low-income housing under section 297A.71,
30.14 subdivision 23;

30.15 (7) materials, supplies, and equipment for municipal electric utility facilities under
30.16 section 297A.71, subdivision 35;

30.17 (8) equipment and materials used for the generation, transmission, and distribution of
30.18 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
30.19 37;

30.20 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
30.21 (a), clause (10);

30.22 (10) materials, supplies, and equipment for construction or improvement of projects and
30.23 facilities under section 297A.71, subdivision 40;

30.24 (11) materials, supplies, and equipment for construction, improvement, or expansion of
30.25 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

30.26 (12) enterprise information technology equipment and computer software for use in a
30.27 qualified data center exempt under section 297A.68, subdivision 42;

30.28 (13) materials, supplies, and equipment for qualifying capital projects under section
30.29 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

30.30 (14) items purchased for use in providing critical access dental services exempt under
30.31 section 297A.70, subdivision 7, paragraph (c);

31.1 (15) items and services purchased under a business subsidy agreement for use or
 31.2 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
 31.3 44;

31.4 (16) building materials, equipment, and supplies for constructing or replacing real
 31.5 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; ~~and~~

31.6 (17) building materials, equipment, and supplies for qualifying capital projects under
 31.7 section 297A.71, subdivision 52; and

31.8 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,
 31.9 or improving a fire station, police station, or related facilities exempt under section 297A.71,
 31.10 subdivision 53.

31.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 31.12 30, 2021.

31.13 Sec. 6. Minnesota Statutes 2020, section 297A.75, subdivision 2, is amended to read:

31.14 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
 31.15 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must
 31.16 be paid to the applicant. Only the following persons may apply for the refund:

31.17 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

31.18 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

31.19 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits
 31.20 provided in United States Code, title 38, chapter 21;

31.21 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
 31.22 property;

31.23 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

31.24 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
 31.25 joint venture of municipal electric utilities;

31.26 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying
 31.27 business;

31.28 (8) for subdivision 1, clauses (9), (10), (13), ~~and (17)~~, and (18), the applicant must be
 31.29 the governmental entity that owns or contracts for the project or facility; and

31.30 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
 31.31 building or project.

32.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
32.2 30, 2021.

32.3 Sec. 7. Minnesota Statutes 2020, section 297A.75, subdivision 3, is amended to read:

32.4 Subd. 3. **Application.** (a) The application must include sufficient information to permit
32.5 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
32.6 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor,
32.7 subcontractor, or builder must furnish to the refund applicant a statement including the cost
32.8 of the exempt items and the taxes paid on the items unless otherwise specifically provided
32.9 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
32.10 this section.

32.11 (b) An applicant may not file more than two applications per calendar year for refunds
32.12 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

32.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
32.14 30, 2021.

32.15 Sec. 8. Minnesota Statutes 2020, section 297F.10, subdivision 1, is amended to read:

32.16 Subdivision 1. **Tax and use tax on cigarettes.** Revenue received from cigarette taxes,
32.17 as well as related penalties, interest, license fees, and miscellaneous sources of revenue
32.18 shall be deposited by the commissioner in the state treasury and credited as follows:

32.19 (1) \$22,250,000 each year must be credited to the Academic Health Center special
32.20 revenue fund hereby created and is annually appropriated to the Board of Regents at the
32.21 University of Minnesota for Academic Health Center funding at the University of Minnesota;
32.22 and

32.23 (2) \$3,937,000 each year must be credited to the medical education and research costs
32.24 account hereby created in the special revenue fund and is annually appropriated to the
32.25 commissioner of health for distribution under section 62J.692, subdivision 4; and

32.26 (3) \$5,000,000 in fiscal year 2022 only must be credited to the tobacco use prevention
32.27 and cessation account hereby created in the special revenue fund and is appropriated to the
32.28 commissioner of health for tobacco use prevention and cessation projects consistent with
32.29 the duties specified in section 144.392; a public information program under section 144.393;
32.30 the development of health promotion and health education materials about tobacco use
32.31 prevention and cessation; tobacco use prevention activities under section 144.396; and
32.32 statewide tobacco cessation services under section 144.397. In activities funded under this

33.1 clause, the commissioner of health must prioritize preventing youth use of commercial
 33.2 tobacco and electronic delivery devices, must promote racial and health equity, and must
 33.3 use strategies that are evidence-based or based on promising practices. For purposes of this
 33.4 clause, "tobacco" and "electronic delivery device" have the meanings given in section
 33.5 609.685, subdivision 1. Any unexpended or unencumbered amount from fiscal year 2022
 33.6 may be carried into fiscal year 2023; and

33.7 ~~(3)~~ (4) the balance of the revenues derived from taxes, penalties, and interest (under this
 33.8 chapter) and from license fees and miscellaneous sources of revenue shall be credited to
 33.9 the general fund.

33.10 **EFFECTIVE DATE.** This section is effective for revenue received after June 30, 2021.

33.11 Sec. 9. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision to
 33.12 read:

33.13 **Subd. 4. Minnesota housing tax credit.** A taxpayer may claim a credit against the
 33.14 premiums tax imposed under this chapter equal to the amount indicated on the credit
 33.15 certificate statement issued to the company under section 290.0683. If the amount of the
 33.16 credit exceeds the liability for tax under this chapter, the excess is a credit carryover to each
 33.17 of the ten succeeding taxable years. The entire amount of the excess unused credit for the
 33.18 taxable year must be carried first to the earliest of the taxable years to which the credit may
 33.19 be carried and then to each successive year to which the credit may be carried. This credit
 33.20 does not affect the calculation of fire state aid under section 477B.03 and police state aid
 33.21 under section 477C.03.

33.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 33.23 31, 2022, and before January 1, 2025.

33.24 Sec. 10. **SALES TAX EXEMPTION FOR CERTAIN PURCHASES RELATED TO**
 33.25 **COVID-19.**

33.26 (a) Notwithstanding Minnesota Statutes, section 289A.50, or any law to the contrary,
 33.27 the sale and purchase of any materials, supplies, or equipment used in this state by a restaurant
 33.28 to adapt to health guidelines or any executive order related to COVID-19 is exempt from
 33.29 sales and use taxes imposed under Minnesota Statutes, chapter 297A. For the purposes of
 33.30 this section, "restaurant" means an establishment used as, maintained as, advertised as, or
 33.31 held out to be an operation that prepares, serves, or otherwise provides food or beverages,
 33.32 or both, for human consumption, which operates from a location for more than 21 days

34.1 annually. Restaurant does not include food carts, mobile food units, grocery stores,
34.2 convenience stores, gas stations, bakeries, or delis.

34.3 (b) The maximum refund allowed under this section is \$1,000 per federal employer
34.4 identification number or Minnesota sales and use tax account number, whichever number
34.5 is used to file sales tax returns. A business using a consolidated return to report sales tax
34.6 information from more than one restaurant location, as provided in Minnesota Statutes,
34.7 section 289A.11, subdivision 1, paragraph (a), is eligible for a refund of up to \$1,000, per
34.8 restaurant location reported.

34.9 (c) The tax on the gross receipts from the sale of the items exempt under paragraph (a)
34.10 must be imposed and collected as if the sale were taxable and the rate under Minnesota
34.11 Statutes, section 297A.62, subdivision 1, applied. Refunds for eligible purchases must not
34.12 be issued until after June 30, 2021.

34.13 (d) Upon application on forms prescribed by the commissioner, a refund equal to the
34.14 tax paid on the gross receipts of the exempt items or \$1,000, whichever is less, must be paid
34.15 to the applicant. Only the owner of the restaurant may apply for the refund. The application
34.16 must include sufficient information to permit the commissioner to verify the tax paid and
34.17 that the applicant is the owner of the restaurant.

34.18 **EFFECTIVE DATE; APPLICATION.** This section is effective retroactively from
34.19 March 1, 2020, and applies to sales and purchases made after February 29, 2020, and before
34.20 January 1, 2022.

34.21 **ARTICLE 4**

34.22 **PROPERTY TAXES AND AIDS AND CREDITS**

34.23 Section 1. Minnesota Statutes 2020, section 144F.01, is amended to read:

34.24 **144F.01 FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES** 34.25 **SPECIAL TAXING DISTRICTS.**

34.26 Subdivision 1. ~~Political subdivision defined~~ Definitions. For purposes of this section,
34.27 the following terms have the meanings given.

34.28 ~~In this section,~~ (a) "Political subdivision" means a county, a statutory or home rule charter
34.29 city, or a township organized to provide town government.

34.30 (b) "Governing body" means a city council for a city, a county board for a county, and
34.31 a board of supervisors for a town.

35.1 (c) "Emergency medical services" means supporting the providing of out-of-hospital
35.2 emergency medical services including, but not limited to, first responder or rescue squads
35.3 recognized by the district, ambulance services licensed under chapter 144E and recognized
35.4 by the district, medical control functions set out in chapter 144E, communications equipment
35.5 and systems, and programs of regional emergency medical services authorized by regional
35.6 boards described in section 144E.52.

35.7 Subd. 2. ~~Who may~~ Authority to establish. (a) ~~Two or more political subdivisions, or~~
35.8 ~~parts of them,~~ may establish, by resolution of their governing bodies, a special taxing district
35.9 for to provide fire protection or emergency medical services. The participating territory of
35.10 a participating political subdivision need not abut any other participating territory to be in
35.11 the special taxing district, or both, in the area of the district, comprising the jurisdiction of
35.12 each of the political subdivisions forming the district. For a county that participates in
35.13 establishing a district, the county's jurisdiction comprises the unorganized territory of the
35.14 county that it designated in its resolution for inclusion in the district. The area of the special
35.15 taxing district need not be contiguous or its boundaries continuous.

35.16 (b) Before establishing a district under this section, the participating political subdivisions
35.17 must enter into an agreement that specifies how any liabilities, other than debt issued under
35.18 subdivision 6, and assets of the district will be distributed if the district is dissolved. The
35.19 agreement may also include other terms, including a method for apportioning the levy of
35.20 the district among participating political subdivisions under subdivision 4, paragraph (b),
35.21 as the political subdivisions determine appropriate. The agreement must be adopted no later
35.22 than upon passage of the resolution establishing the district under paragraph (a), but may
35.23 be later amended by agreement of each of the political subdivisions participating in the
35.24 district.

35.25 (c) If two or more political subdivisions that currently operate separate fire departments
35.26 seek to merge fire departments into one fire department, or if a political subdivision with
35.27 an existing fire department requests to join a special taxing district with an established fire
35.28 department, the resolution under paragraph (a) or agreement under paragraph (b) must
35.29 specify which, if any, volunteer firefighter pension plan is associated with the district. A
35.30 special taxing district that operates a fire department under this section may be associated
35.31 with only one volunteer firefighting relief association or one account in the voluntary
35.32 statewide volunteer firefighting retirement plan at one time.

35.33 (d) If the special taxing district includes the operation of a fire department, it must file
35.34 its resolution establishing the fire protection special taxing district, and any agreements
35.35 required for the establishment of the special taxing district, with the commissioner of revenue,

36.1 including any subsequent amendments. If the resolution or agreement does not include
36.2 sufficient information defining the fire department service area of the fire protection special
36.3 taxing district, the secretary of the district board must file a written statement with the
36.4 commissioner defining the fire department service area.

36.5 Subd. 3. **Board.** The special taxing district established under this section is governed
36.6 by a board made up initially of representatives of each participating political subdivision
36.7 in the proportions set out in the establishing resolution, subject to change as provided in the
36.8 district's charter, if any, or in the district's bylaws. ~~If a township states in its resolution that~~
36.9 ~~less than the entire township will participate in the district, the partial townships shall be~~
36.10 ~~represented on the board by only one member, appointed from among those townships so~~
36.11 ~~participating. The method for appointment shall be governed by the bylaws of the district's~~
36.12 ~~joint powers agreement. Each participant's representative serves at the pleasure of that~~
36.13 ~~participant's governing body or bodies~~ Each participating political subdivision's representative
36.14 must be an elected member of the governing body of the political subdivision and shall
36.15 serve at the pleasure of that participant's governing body.

36.16 Subd. 4. **Property tax levy authority.** (a) The district's board may levy a tax on the
36.17 taxable real and personal property in the district. ~~The ad valorem tax levy may not exceed~~
36.18 ~~0.048 percent of the estimated market value of the district or \$550,000, whichever is less.~~
36.19 The proceeds of the levy must be used as provided in subdivision 5. The board shall certify
36.20 the levy at the times as provided under section 275.07. The board shall provide the county
36.21 with whatever information is necessary to identify the property that is located within the
36.22 district. If the boundaries include a part of a parcel, the entire parcel shall be included in
36.23 the district. The county auditors must spread, collect, and distribute the proceeds of the tax
36.24 at the same time and in the same manner as provided by law for all other property taxes.

36.25 (b) As an alternative to paragraph (a), the board may apportion its levy among the political
36.26 subdivisions that are members of the district under a formula or method, with factors such
36.27 as population, number of service calls, costs of providing service, the market value of
36.28 improvements, or other measures approved by the governing body of each of the participating
36.29 political subdivisions. The amount of the levy allocated to each political subdivision must
36.30 be added to that political subdivision's levy and spread at the same time and in the same
36.31 manner as provided by law for all other property taxes. The proceeds of the levy must be
36.32 collected and remitted to the district and used as provided in subdivision 5.

36.33 Subd. 5. **Use of levy proceeds.** The proceeds of property taxes levied under this section
36.34 must be used to ~~support the providing of out-of-hospital emergency medical services~~
36.35 ~~including, but not limited to, first responder or rescue squads recognized by the district,~~

37.1 ~~ambulance services licensed under chapter 144E and recognized by the district, medical~~
 37.2 ~~control functions set out in chapter 144E, communications equipment and systems, and~~
 37.3 ~~programs of regional emergency medical services authorized by regional boards described~~
 37.4 ~~in section 144E.52 provide fire protection, emergency medical services, or both, to residents~~
 37.5 ~~of the district and property located in the district, as well as to pay debt issued under~~
 37.6 ~~subdivision 6. Services may be provided by employees of the district or by contracting for~~
 37.7 ~~services provided by other governmental or private entities.~~

37.8 Subd. 6. **Advisory committee Debt.** ~~A special taxing district board under this section~~
 37.9 ~~must have an advisory committee to advise the board on issues involving emergency medical~~
 37.10 ~~services and EMS communications. The committee's membership must be comprised of~~
 37.11 ~~representatives of first responders, ambulance services, ambulance medical directors, and~~
 37.12 ~~EMS communication experts. The advisory committee members serve at the pleasure of~~
 37.13 ~~the appointing board (a) The district may incur debt under chapter 475 when the board~~
 37.14 ~~determines doing so is necessary to accomplish its duties.~~

37.15 ~~(b) In addition, the district board may issue certificates of indebtedness or capital notes~~
 37.16 ~~under section 412.301 to purchase capital equipment. In applying section 412.301, paragraph~~
 37.17 ~~(e), the following rules apply:~~

37.18 ~~(1) the taxable property of the entire district must be used to calculate the percent of~~
 37.19 ~~estimated market value; and~~

37.20 ~~(2) "the number of voters at the last municipal election" means the sum of the number~~
 37.21 ~~of voters at the last municipal election for each of the cities that is a member of the district~~
 37.22 ~~plus the number of registered voters in each town that is a participating member of the~~
 37.23 ~~district.~~

37.24 Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special
 37.25 taxing district established under this section may exercise any power that may be exercised
 37.26 by any of its participating political subdivisions, ~~except that the board may not incur debt.~~
 37.27 ~~The special taxing district may only use the power to do what~~ that is necessary or reasonable
 37.28 to support the services set out in subdivision 5. These powers include the authority to
 37.29 participate in state programs and to enforce or carry out state laws related to fire protection
 37.30 or emergency medical services, including programs providing state aid, reimbursement or
 37.31 funding of employee benefits, and authorizing local enforcement of state standards including
 37.32 fire protection related programs and political subdivision powers or responsibilities under
 37.33 chapters 299A, 424A, and 477B; sections 6.495, 353.64, and 423A.022; and any other

38.1 administrative rules related to the fire code, to the extent the special taxing district meets
38.2 the qualification criteria and requirements of a program.

38.3 (b) ~~Notwithstanding paragraph (a),~~ To the extent the district's authority under this
38.4 subdivision overlaps with or may conflict with the authority of the participating political
38.5 subdivision, the agreement under subdivision 2, paragraph (b), must provide for allocation
38.6 of those powers or responsibilities between the participating political subdivisions and the
38.7 district, and may provide for resolution of conflicts in the exercise of those powers.

38.8 (c) The district may only levy the ~~taxes tax~~ authorized in ~~this section~~ subdivision 4.

38.9 **Subd. 8. Additions and withdrawals.** (a) Additional ~~eligible~~ political subdivisions may
38.10 be added to a special taxing district established under this section as provided by the board
38.11 of the district and agreed to in a resolution of the governing body of the political subdivision
38.12 proposed to be added. The addition of a political subdivision to the district may not cause
38.13 the district to be out of compliance with subdivision 2, paragraph (c).

38.14 (b) A political subdivision may withdraw from a special taxing district under this section
38.15 by resolution of its governing body. The political subdivision must notify the board of the
38.16 special taxing district of the withdrawal by providing a copy of the resolution at least ~~one~~
38.17 year two years in advance of the proposed withdrawal. The taxable property of the
38.18 withdrawing member is subject to the property tax levy under subdivision 4 for the two
38.19 taxes payable ~~year~~ years following the notice of the withdrawal, unless the board and the
38.20 withdrawing member agree otherwise by action of their governing bodies. If a political
38.21 subdivision withdraws from a district for which debt was issued under subdivision 6 when
38.22 the political subdivision was a participating member, and which is outstanding when the
38.23 political subdivision withdraws from the district, the taxable property of the withdrawing
38.24 political subdivision remains subject to the special taxing district levy until the outstanding
38.25 debt has been paid or defeased. If the district's property tax levy to repay debt was
38.26 apportioned among the political subdivisions under an alternative formula or method under
38.27 subdivision 4, paragraph (b), the withdrawing political subdivision is subject to the same
38.28 percentage of the debt levy as applied in the taxes payable year immediately preceding its
38.29 withdrawal from the district.

38.30 (c) Notwithstanding subdivision 2, if the district is comprised of ~~only~~ two political
38.31 subdivisions and one of the political subdivisions withdraws, the district can continue to
38.32 exist.

38.33 **Subd. 9. Dissolution.** The special taxing district may be dissolved by resolution approved
38.34 by a majority vote of the board. If the special taxing district is dissolved, the assets and

39.1 liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public
39.2 purposes as provided by law in the agreement adopted under subdivision 2, paragraph (b),
39.3 or otherwise agreed to by each participating political subdivision. A district may not be
39.4 dissolved until all debt issued under subdivision 6 has been paid or defeased.

39.5 Subd. 10. **Reports.** (a) On or before March 15, ~~2005~~ 2024, and March 15, ~~2007~~ 2026,
39.6 the special taxing district shall submit a levy and expenditure report to the commissioner
39.7 of revenue and to the ~~chairs of the~~ house of representatives and senate committees with
39.8 jurisdiction over taxes and property taxes. Each report must include the amount of the
39.9 district's levies for taxes payable for each of the two previous years and its actual expenditures
39.10 of those revenues. Expenditures must be reported by general service category, ~~as listed in~~
39.11 ~~subdivision 5~~, and include a separate category for administrative expenses.

39.12 (b) On or before March 15, 2024, and March 15, 2026, a political subdivision that has
39.13 established or joined a special taxing district authorized under this section after June 30,
39.14 2021, shall submit a levy and expenditure report to the commissioner of revenue and to the
39.15 house of representatives and senate committees with jurisdiction over taxes and property
39.16 taxes. The report must include:

39.17 (1) the amount of the political subdivision's levy, and its actual expenditure of the
39.18 subdivision's levy revenues, including the amount attributable to fire protection and
39.19 emergency medical services, for taxes payable in each of the two taxes payable years prior
39.20 to establishing or joining a special taxing district authorized under this section;

39.21 (2) the political subdivision's levy, and its actual expenditure of the subdivision's levy
39.22 revenues, for taxes payable in each of the taxes payable years after establishing or joining
39.23 a special taxing district authorized under this section, up to, and including, taxes payable
39.24 in 2024, and taxes payable in 2026; and

39.25 (3) a certification from the political subdivision that the subdivision's levy for each of
39.26 the taxes payable years after establishing or joining a special taxing district authorized under
39.27 this section, up to, and including, taxes payable in 2024, and taxes payable in 2026, does
39.28 not include expenditures for fire protection, emergency medical services, or both, except
39.29 as provided in subdivision 4, paragraph (b), or those necessary to establish, or join, a district
39.30 as provided in this section.

39.31 **EFFECTIVE DATE.** This section is effective the day following final enactment and
39.32 applies to districts established after June 30, 2021, except that districts established prior to
39.33 June 30, 2021, are eligible for changes made to subdivisions 4 and 6 beginning with property
39.34 taxes payable in 2022.

40.1 Sec. 2. Minnesota Statutes 2020, section 273.124, subdivision 1, is amended to read:

40.2 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for
40.3 the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential
40.4 homestead.

40.5 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used
40.6 as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

40.7 Dates for establishment of a homestead and homestead treatment provided to particular
40.8 types of property are as provided in this section.

40.9 Property held by a trustee under a trust is eligible for homestead classification if the
40.10 requirements under this chapter are satisfied.

40.11 The assessor shall require proof, as provided in subdivision 13, of the facts upon which
40.12 classification as a homestead may be determined. Notwithstanding any other law, the assessor
40.13 may at any time require a homestead application to be filed in order to verify that any
40.14 property classified as a homestead continues to be eligible for homestead status.

40.15 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
40.16 request from an assessor, verify whether an individual who is requesting or receiving
40.17 homestead classification has filed a Minnesota income tax return as a resident for the most
40.18 recent taxable year for which the information is available.

40.19 When there is a name change or a transfer of homestead property, the assessor may
40.20 reclassify the property in the next assessment unless a homestead application is filed to
40.21 verify that the property continues to qualify for homestead classification.

40.22 (b) For purposes of this section, homestead property shall include property which is used
40.23 for purposes of the homestead but is separated from the homestead by a road, street, lot,
40.24 waterway, or other similar intervening property. The term "used for purposes of the
40.25 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings
40.26 commonly associated with a homestead, but shall not include vacant land held primarily
40.27 for future development. In order to receive homestead treatment for the noncontiguous
40.28 property, the owner must use the property for the purposes of the homestead, and must apply
40.29 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for
40.30 the homestead treatment, additional applications for subsequent years are not required.

40.31 (c) Residential real estate that is occupied and used for purposes of a homestead by a
40.32 relative of the owner is a homestead but only to the extent of the homestead treatment that
40.33 would be provided if the related owner occupied the property. For purposes of this paragraph

41.1 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,
41.2 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood
41.3 or marriage. Property that has been classified as seasonal residential recreational property
41.4 at any time during which it has been owned by the current owner or spouse of the current
41.5 owner will not be reclassified as a homestead unless it is occupied as a homestead by the
41.6 owner; this prohibition also applies to property that, in the absence of this paragraph, would
41.7 have been classified as seasonal residential recreational property at the time when the
41.8 residence was constructed. Neither the related occupant nor the owner of the property may
41.9 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In
41.10 the case of a residence located on agricultural land, only the house, garage, and immediately
41.11 surrounding one acre of land shall be classified as a homestead under this paragraph, except
41.12 as provided in paragraph (d).

41.13 (d) Agricultural property that is occupied and used for purposes of a homestead by a
41.14 relative of the owner, is a homestead, only to the extent of the homestead treatment that
41.15 would be provided if the related owner occupied the property, and only if all of the following
41.16 criteria are met:

41.17 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,
41.18 ~~or parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece~~ of the owner of
41.19 the agricultural property or of the spouse of the owner;

41.20 (2) the owner of the agricultural property must be a Minnesota resident;

41.21 (3) the owner of the agricultural property must not receive homestead treatment on any
41.22 other agricultural property in Minnesota; and

41.23 (4) the owner of the agricultural property is limited to only one agricultural homestead
41.24 per family under this paragraph.

41.25 Neither the related occupant nor the owner of the property may claim a property tax
41.26 refund under chapter 290A for a homestead occupied by a relative qualifying under this
41.27 paragraph. For purposes of this paragraph, "agricultural property" means the house, garage,
41.28 other farm buildings and structures, and agricultural land.

41.29 Application must be made to the assessor by the owner of the agricultural property to
41.30 receive homestead benefits under this paragraph. The assessor may require the necessary
41.31 proof that the requirements under this paragraph have been met.

41.32 (e) In the case of property owned by a property owner who is married, the assessor must
41.33 not deny homestead treatment in whole or in part if only one of the spouses occupies the

42.1 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)
42.2 legal separation, (3) employment or self-employment in another location, or (4) other
42.3 personal circumstances causing the spouses to live separately, not including an intent to
42.4 obtain two homestead classifications for property tax purposes. To qualify under clause (3),
42.5 the spouse's place of employment or self-employment must be at least 50 miles distant from
42.6 the other spouse's place of employment, and the homesteads must be at least 50 miles distant
42.7 from each other.

42.8 (f) The assessor must not deny homestead treatment in whole or in part if:

42.9 (1) in the case of a property owner who is not married, the owner is absent due to
42.10 residence in a nursing home, boarding care facility, or an elderly assisted living facility
42.11 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
42.12 occupied; or

42.13 (2) in the case of a property owner who is married, the owner or the owner's spouse or
42.14 both are absent due to residence in a nursing home, boarding care facility, or an elderly
42.15 assisted living facility property as defined in section 273.13, subdivision 25a, and the property
42.16 is not occupied or is occupied only by the owner's spouse.

42.17 (g) If an individual is purchasing property with the intent of claiming it as a homestead
42.18 and is required by the terms of the financing agreement to have a relative shown on the deed
42.19 as a co-owner, the assessor shall allow a full homestead classification. This provision only
42.20 applies to first-time purchasers, whether married or single, or to a person who had previously
42.21 been married and is purchasing as a single individual for the first time. The application for
42.22 homestead benefits must be on a form prescribed by the commissioner and must contain
42.23 the data necessary for the assessor to determine if full homestead benefits are warranted.

42.24 (h) If residential or agricultural real estate is occupied and used for purposes of a
42.25 homestead by a child of a deceased owner and the property is subject to jurisdiction of
42.26 probate court, the child shall receive relative homestead classification under paragraph (c)
42.27 or (d) to the same extent they would be entitled to it if the owner was still living, until the
42.28 probate is completed. For purposes of this paragraph, "child" includes a relationship by
42.29 blood or by marriage.

42.30 (i) If a single-family home, duplex, or triplex classified as either residential homestead
42.31 or agricultural homestead is also used to provide licensed child care, the portion of the
42.32 property used for licensed child care must be classified as a part of the homestead property.

42.33 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
42.34 in 2022.

43.1 Sec. 3. Minnesota Statutes 2020, section 273.124, subdivision 9, is amended to read:

43.2 Subd. 9. **Homestead established after assessment date.** Any property that was not
43.3 used for the purpose of a homestead on the assessment date, but which was used for the
43.4 purpose of a homestead on December ~~1~~ 31 of a year, constitutes class 1 or class 2a.

43.5 Any taxpayer meeting the requirements of this subdivision must notify the county
43.6 assessor, or the assessor who has the powers of the county assessor under section 273.063,
43.7 in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this
43.8 subdivision. The assessor must not deny full homestead treatment to a property that is
43.9 partially homesteaded on January 2 but occupied for the purpose of a full homestead on
43.10 December ~~1~~ 31 of a year.

43.11 The county assessor and the county auditor may make the necessary changes on their
43.12 assessment and tax records to provide for proper homestead classification as provided in
43.13 this subdivision.

43.14 If homestead classification has not been requested as of December ~~15~~ 31, the assessor
43.15 will classify the property as nonhomestead for the current assessment year for taxes payable
43.16 in the following year, provided that the owner of any property qualifying under this
43.17 subdivision, which has not been accorded the benefits of this subdivision, may be entitled
43.18 to receive homestead classification by proper application as provided in section 375.192.

43.19 The county assessor may publish in a newspaper of general circulation within the county
43.20 a notice requesting the public to file an application for homestead as soon as practicable
43.21 after acquisition of a homestead, but no later than December ~~15~~ 31.

43.22 The county assessor shall publish in a newspaper of general circulation within the county
43.23 no later than December 1 of each year a notice informing the public of the requirement to
43.24 file an application for homestead by December ~~15~~ 31.

43.25 In the case of manufactured homes assessed as personal property, the homestead must
43.26 be established, and a homestead classification requested, by May 29 of the assessment year.
43.27 The assessor may include information on these deadlines for manufactured homes assessed
43.28 as personal property in the published notice or notices.

43.29 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

44.1 Sec. 4. Minnesota Statutes 2020, section 273.124, subdivision 13, is amended to read:

44.2 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements
44.3 under subdivision 1 must file a homestead application with the county assessor to initially
44.4 obtain homestead classification.

44.5 (b) The commissioner shall prescribe the content, format, and manner of the homestead
44.6 application required to be filed under this chapter pursuant to section 270C.30. The
44.7 application must clearly inform the taxpayer that this application must be signed by all
44.8 owners who occupy the property or by the qualifying relative and returned to the county
44.9 assessor in order for the property to receive homestead treatment.

44.10 (c) Every property owner applying for homestead classification must furnish to the
44.11 county assessor the Social Security number of each occupant who is listed as an owner of
44.12 the property on the deed of record, the name and address of each owner who does not occupy
44.13 the property, and the name and Social Security number of the spouse of each occupying
44.14 owner. The application must be signed by each owner who occupies the property and by
44.15 each owner's spouse who occupies the property, or, in the case of property that qualifies as
44.16 a homestead under subdivision 1, paragraph (c), by the qualifying relative.

44.17 If a property owner occupies a homestead, the property owner's spouse may not claim
44.18 another property as a homestead unless the property owner and the property owner's spouse
44.19 file with the assessor an affidavit or other proof required by the assessor stating that the
44.20 property qualifies as a homestead under subdivision 1, paragraph (e).

44.21 Owners or spouses occupying residences owned by their spouses and previously occupied
44.22 with the other spouse, either of whom fail to include the other spouse's name and Social
44.23 Security number on the homestead application or provide the affidavits or other proof
44.24 requested, will be deemed to have elected to receive only partial homestead treatment of
44.25 their residence. The remainder of the residence will be classified as nonhomestead residential.
44.26 When an owner or spouse's name and Social Security number appear on homestead
44.27 applications for two separate residences and only one application is signed, the owner or
44.28 spouse will be deemed to have elected to homestead the residence for which the application
44.29 was signed.

44.30 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
44.31 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
44.32 the property to receive homestead status, a homestead application must be filed with the
44.33 assessor. The Social Security number of each relative occupying the property and the name
44.34 and Social Security number of the spouse of a relative occupying the property shall be

45.1 required on the homestead application filed under this subdivision. If a different relative of
45.2 the owner subsequently occupies the property, the owner of the property must notify the
45.3 assessor within 30 days of the change in occupancy. The Social Security number of a relative
45.4 occupying the property or the spouse of a relative occupying the property is private data on
45.5 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the
45.6 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture
45.7 Act to recover personal property taxes owing, to the county treasurer.

45.8 (e) The homestead application shall also notify the property owners that if the property
45.9 is granted homestead status for any assessment year, that same property shall remain
45.10 classified as homestead until the property is sold or transferred to another person, or the
45.11 owners, the spouse of the owner, or the relatives no longer use the property as their
45.12 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
45.13 be timely filed with the county auditor as provided under section 272.115. Failure to notify
45.14 the assessor within 30 days that the property has been sold, transferred, or that the owner,
45.15 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
45.16 shall result in the penalty provided under this subdivision and the property will lose its
45.17 current homestead status.

45.18 (f) If a homestead application has not been filed with the county by December ~~15~~ 31,
45.19 the assessor shall classify the property as nonhomestead for the current assessment year for
45.20 taxes payable in the following year, provided that the owner may be entitled to receive the
45.21 homestead classification by proper application under section 375.192.

45.22 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

45.23 Sec. 5. Minnesota Statutes 2020, section 273.128, is amended by adding a subdivision to
45.24 read:

45.25 Subd. 1a. **Notice.** Low-income rental property classified as class 4d under section 273.13,
45.26 subdivision 25, must post a notice within the property that all or a portion of the property
45.27 is classified as low-income rental property under section 273.13, subdivision 25. The notice
45.28 must be posted in an area accessible to all residents and must include the rent and income
45.29 restrictions required under subdivision 1. The notice must be annually updated.

45.30 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2022.

46.1 Sec. 6. Minnesota Statutes 2020, section 273.128, is amended by adding a subdivision to
46.2 read:

46.3 Subd. 1b. **Approval.** A property owner must receive approval, by resolution of the
46.4 governing body of the city or town where the property is located, before submitting an initial
46.5 application to the Housing Finance Agency, as required under subdivision 2, for property
46.6 that has not, in whole or in part, been classified as class 4d under section 273.13, subdivision
46.7 25, prior to assessment year 2022. A property owner that has received approval as required
46.8 under this subdivision, and the certification made under subdivision 3, shall not be required
46.9 to seek approval under this subdivision prior to submitting an application under subdivision
46.10 2, in each subsequent year.

46.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2022.

46.12 Sec. 7. Minnesota Statutes 2020, section 273.128, subdivision 2, is amended to read:

46.13 Subd. 2. **Application.** (a) Application for certification under this section must be filed
46.14 by March 31 of the levy year, or at a later date if the Housing Finance Agency deems
46.15 practicable. The application must be filed with the Housing Finance Agency, on a form
46.16 prescribed by the agency, and must contain the information required by the Housing Finance
46.17 Agency.

46.18 (b) Each application must include:

46.19 (1) the property tax identification number; and

46.20 (2) evidence that the property meets the requirements of ~~subdivision~~ subdivisions 1, 1a,
46.21 and 1b.

46.22 (c) The Housing Finance Agency may charge an application fee approximately equal
46.23 to the costs of processing and reviewing the applications but not to exceed \$10 per unit. If
46.24 imposed, the applicant must pay the application fee to the Housing Finance Agency. The
46.25 fee must be deposited in the housing development fund.

46.26 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2022.

46.27 Sec. 8. Minnesota Statutes 2020, section 273.13, subdivision 25, is amended to read:

46.28 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units
46.29 and used or held for use by the owner or by the tenants or lessees of the owner as a residence
46.30 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a
46.31 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt

47.1 under section 272.02, and contiguous property used for hospital purposes, without regard
47.2 to whether the property has been platted or subdivided. The market value of class 4a property
47.3 has a classification rate of 1.25 percent.

47.4 (b) Class 4b includes:

47.5 (1) residential real estate containing less than four units, including property rented as a
47.6 short-term rental property for more than 14 days in the preceding year, that does not qualify
47.7 as class 4bb, other than seasonal residential recreational property;

47.8 (2) manufactured homes not classified under any other provision;

47.9 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm
47.10 classified under subdivision 23, paragraph (b) containing two or three units; and

47.11 (4) unimproved property that is classified residential as determined under subdivision
47.12 33.

47.13 For the purposes of this paragraph, "short-term rental property" means nonhomestead
47.14 residential real estate rented for periods of less than 30 consecutive days.

47.15 The market value of class 4b property has a classification rate of 1.25 percent.

47.16 (c) Class 4bb includes:

47.17 (1) nonhomestead residential real estate containing one unit, other than seasonal
47.18 residential recreational property;

47.19 (2) a single family dwelling, garage, and surrounding one acre of property on a
47.20 nonhomestead farm classified under subdivision 23, paragraph (b); and

47.21 (3) a condominium-type storage unit having an individual property identification number
47.22 that is not used for a commercial purpose.

47.23 Class 4bb property has the same classification rates as class 1a property under subdivision
47.24 22.

47.25 Property that has been classified as seasonal residential recreational property at any time
47.26 during which it has been owned by the current owner or spouse of the current owner does
47.27 not qualify for class 4bb.

47.28 (d) Class 4c property includes:

47.29 (1) except as provided in subdivision 22, paragraph (c), real and personal property
47.30 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
47.31 for not more than 250 days in the year preceding the year of assessment. For purposes of

48.1 this clause, property is devoted to a commercial purpose on a specific day if any portion of
48.2 the property is used for residential occupancy, and a fee is charged for residential occupancy.
48.3 Class 4c property under this clause must contain three or more rental units. A "rental unit"
48.4 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
48.5 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
48.6 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
48.7 under this clause regardless of the term of the rental agreement, as long as the use of the
48.8 camping pad does not exceed 250 days. In order for a property to be classified under this
48.9 clause, either (i) the business located on the property must provide recreational activities,
48.10 at least 40 percent of the annual gross lodging receipts related to the property must be from
48.11 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
48.12 bookings by lodging guests during the year must be for periods of at least two consecutive
48.13 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
48.14 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
48.15 and must be located in a township or a city with a population of 2,500 or less located outside
48.16 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
48.17 of a state trail administered by the Department of Natural Resources. For purposes of item
48.18 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
48.19 property also includes commercial use real property used exclusively for recreational
48.20 purposes in conjunction with other class 4c property classified under this clause and devoted
48.21 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
48.22 two acres, provided the property is not devoted to commercial recreational use for more
48.23 than 250 days in the year preceding the year of assessment and is located within two miles
48.24 of the class 4c property with which it is used. In order for a property to qualify for
48.25 classification under this clause, the owner must submit a declaration to the assessor
48.26 designating the cabins or units occupied for 250 days or less in the year preceding the year
48.27 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
48.28 share of the land on which they are located must be designated class 4c under this clause
48.29 as otherwise provided. The remainder of the cabins or units and a proportionate share of
48.30 the land on which they are located will be designated as class 3a. The owner of property
48.31 desiring designation as class 4c property under this clause must provide guest registers or
48.32 other records demonstrating that the units for which class 4c designation is sought were not
48.33 occupied for more than 250 days in the year preceding the assessment if so requested. The
48.34 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
48.35 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
48.36 directly related to temporary and seasonal residential occupancy for recreation purposes

49.1 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"
49.2 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
49.3 ski equipment; providing marina services, launch services, or guide services; or selling bait
49.4 and fishing tackle;

49.5 (2) qualified property used as a golf course if:

49.6 (i) it is open to the public on a daily fee basis. It may charge membership fees or dues,
49.7 but a membership fee may not be required in order to use the property for golfing, and its
49.8 green fees for golfing must be comparable to green fees typically charged by municipal
49.9 courses; and

49.10 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

49.11 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with
49.12 the golf course is classified as class 3a property;

49.13 (3) real property up to a maximum of three acres of land owned and used by a nonprofit
49.14 community service oriented organization and not used for residential purposes on either a
49.15 temporary or permanent basis, provided that:

49.16 (i) the property is not used for a revenue-producing activity for more than six days in
49.17 the calendar year preceding the year of assessment; or

49.18 (ii) the organization makes annual charitable contributions and donations at least equal
49.19 to the property's previous year's property taxes and the property is allowed to be used for
49.20 public and community meetings or events for no charge, as appropriate to the size of the
49.21 facility.

49.22 For purposes of this clause:

49.23 (A) "charitable contributions and donations" has the same meaning as lawful gambling
49.24 purposes under section 349.12, subdivision 25, excluding those purposes relating to the
49.25 payment of taxes, assessments, fees, auditing costs, and utility payments;

49.26 (B) "property taxes" excludes the state general tax;

49.27 (C) a "nonprofit community service oriented organization" means any corporation,
49.28 society, association, foundation, or institution organized and operated exclusively for
49.29 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
49.30 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal
49.31 Revenue Code; and

50.1 (D) "revenue-producing activities" shall include but not be limited to property or that
50.2 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
50.3 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
50.4 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
50.5 insurance business, or office or other space leased or rented to a lessee who conducts a
50.6 for-profit enterprise on the premises.

50.7 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The
50.8 use of the property for social events open exclusively to members and their guests for periods
50.9 of less than 24 hours, when an admission is not charged nor any revenues are received by
50.10 the organization shall not be considered a revenue-producing activity.

50.11 The organization shall maintain records of its charitable contributions and donations
50.12 and of public meetings and events held on the property and make them available upon
50.13 request any time to the assessor to ensure eligibility. An organization meeting the requirement
50.14 under item (ii) must file an application by May 1 with the assessor for eligibility for the
50.15 current year's assessment. The commissioner shall prescribe a uniform application form
50.16 and instructions;

50.17 (4) postsecondary student housing of not more than one acre of land that is owned by a
50.18 nonprofit corporation organized under chapter 317A and is used exclusively by a student
50.19 cooperative, sorority, or fraternity for on-campus housing or housing located within two
50.20 miles of the border of a college campus;

50.21 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
50.22 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
50.23 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision
50.24 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision
50.25 13;

50.26 (6) real property that is actively and exclusively devoted to indoor fitness, health, social,
50.27 recreational, and related uses, is owned and operated by a not-for-profit corporation, and is
50.28 located within the metropolitan area as defined in section 473.121, subdivision 2;

50.29 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt under
50.30 section 272.01, subdivision 2, and the land on which it is located, provided that:

50.31 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
50.32 Airports Commission, or group thereof; and

51.1 (ii) the land lease, or any ordinance or signed agreement restricting the use of the leased
51.2 premise, prohibits commercial activity performed at the hangar.

51.3 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
51.4 filed by the new owner with the assessor of the county where the property is located within
51.5 60 days of the sale;

51.6 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
51.7 272.01, subdivision 2, and the land on which it is located, provided that:

51.8 (i) the land abuts a public airport; and

51.9 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement
51.10 restricting the use of the premises, prohibiting commercial use or activity performed at the
51.11 hangar; and

51.12 (9) residential real estate, a portion of which is used by the owner for homestead purposes,
51.13 and that is also a place of lodging, if all of the following criteria are met:

51.14 (i) rooms are provided for rent to transient guests that generally stay for periods of 14
51.15 or fewer days;

51.16 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated in
51.17 the basic room rate;

51.18 (iii) meals are not provided to the general public except for special events on fewer than
51.19 seven days in the calendar year preceding the year of the assessment; and

51.20 (iv) the owner is the operator of the property.

51.21 The market value subject to the 4c classification under this clause is limited to five rental
51.22 units. Any rental units on the property in excess of five, must be valued and assessed as
51.23 class 3a. The portion of the property used for purposes of a homestead by the owner must
51.24 be classified as class 1a property under subdivision 22;

51.25 (10) real property up to a maximum of three acres and operated as a restaurant as defined
51.26 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
51.27 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
51.28 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
51.29 of its annual gross receipts from business conducted during four consecutive months. Gross
51.30 receipts from the sale of alcoholic beverages must be included in determining the property's
51.31 qualification under item (ii). The property's primary business must be as a restaurant and
51.32 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.

52.1 Owners of real property desiring 4c classification under this clause must submit an annual
52.2 declaration to the assessor by February 1 of the current assessment year, based on the
52.3 property's relevant information for the preceding assessment year;

52.4 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as
52.5 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public
52.6 and devoted to recreational use for marina services. The marina owner must annually provide
52.7 evidence to the assessor that it provides services, including lake or river access to the public
52.8 by means of an access ramp or other facility that is either located on the property of the
52.9 marina or at a publicly owned site that abuts the property of the marina. No more than 800
52.10 feet of lakeshore may be included in this classification. Buildings used in conjunction with
52.11 a marina for marina services, including but not limited to buildings used to provide food
52.12 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified
52.13 as class 3a property; and

52.14 (12) real and personal property devoted to noncommercial temporary and seasonal
52.15 residential occupancy for recreation purposes.

52.16 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
52.17 each parcel of noncommercial seasonal residential recreational property under clause (12)
52.18 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
52.19 under clause (5), item (i), have the same classification rate as class 4b property, the market
52.20 value of manufactured home parks assessed under clause (5), item (ii), have a classification
52.21 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by
52.22 shareholders in the cooperative corporation or association and a classification rate of one
52.23 percent if 50 percent or less of the lots are so occupied, and class I manufactured home
52.24 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,
52.25 (iii) commercial-use seasonal residential recreational property and marina recreational land
52.26 as described in clause (11), has a classification rate of one percent for the first \$500,000 of
52.27 market value, and 1.25 percent for the remaining market value, (iv) the market value of
52.28 property described in clause (4) has a classification rate of one percent, (v) the market value
52.29 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,
52.30 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property
52.31 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under
52.32 clause (3) that is owned or operated by a congressionally chartered veterans organization
52.33 has a classification rate of one percent. The commissioner of veterans affairs must provide
52.34 a list of congressionally chartered veterans organizations to the commissioner of revenue
52.35 by June 30, 2017, and by January 1, 2018, and each year thereafter.

53.1 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
 53.2 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of
 53.3 the units in the building qualify as low-income rental housing units as certified under section
 53.4 273.128, subdivision 3, only the proportion of qualifying units to the total number of units
 53.5 in the building qualify for class 4d. The remaining portion of the building shall be classified
 53.6 by the assessor based upon its use. Class 4d also includes the same proportion of land as
 53.7 the qualifying low-income rental housing units are to the total units in the building. For all
 53.8 properties qualifying as class 4d, the market value determined by the assessor must be based
 53.9 on the normal approach to value using normal unrestricted rents. Class 4d property has a
 53.10 classification rate of 0.25 percent.

53.11 ~~(f) The first tier of market value of class 4d property has a classification rate of 0.75~~
 53.12 ~~percent. The remaining value of class 4d property has a classification rate of 0.25 percent.~~
 53.13 ~~For the purposes of this paragraph, the "first tier of market value of class 4d property" means~~
 53.14 ~~the market value of each housing unit up to the first tier limit. For the purposes of this~~
 53.15 ~~paragraph, all class 4d property value must be assigned to individual housing units. The~~
 53.16 ~~first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is~~
 53.17 ~~adjusted each year by the average statewide change in estimated market value of property~~
 53.18 ~~classified as class 4a and 4d under this section for the previous assessment year, excluding~~
 53.19 ~~valuation change due to new construction, rounded to the nearest \$1,000, provided, however,~~
 53.20 ~~that the limit may never be less than \$100,000. Beginning with assessment year 2015, the~~
 53.21 ~~commissioner of revenue must certify the limit for each assessment year by November 1~~
 53.22 ~~of the previous year.~~

53.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2022.

53.24 Sec. 9. Minnesota Statutes 2020, section 273.13, subdivision 34, is amended to read:

53.25 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a
 53.26 portion of the market value of property owned by a veteran and serving as the veteran's
 53.27 homestead under this section is excluded in determining the property's taxable market value
 53.28 if the veteran has a service-connected disability of 70 percent or more as certified by the
 53.29 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,
 53.30 the veteran must have been honorably discharged from the United States armed forces, as
 53.31 indicated by United States Government Form DD214 or other official military discharge
 53.32 papers.

53.33 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,
 53.34 except as provided in clause (2); and

54.1 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is
54.2 excluded.

54.3 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
54.4 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
54.5 spouse holds the legal or beneficial title to the homestead and permanently resides there,
54.6 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
54.7 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise
54.8 provided in paragraph (n). Qualification under this paragraph requires an application under
54.9 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
54.10 marital status, ownership of the property, or use of the property as a permanent residence.

54.11 (d) If the spouse of a member of any branch or unit of the United States armed forces
54.12 who dies due to a service-connected cause while serving honorably in active service, as
54.13 indicated on United States Government Form DD1300 or DD2064, holds the legal or
54.14 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
54.15 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
54.16 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
54.17 paragraph (n).

54.18 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property
54.19 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary
54.20 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify
54.21 for under paragraph (b).

54.22 (f) In the case of an agricultural homestead, only the portion of the property consisting
54.23 of the house and garage and immediately surrounding one acre of land qualifies for the
54.24 valuation exclusion under this subdivision.

54.25 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible
54.26 for the market value exclusion under subdivision 35, or classification under subdivision 22,
54.27 paragraph (b).

54.28 (h) To qualify for a valuation exclusion under this subdivision a property owner must
54.29 apply to the assessor by December ~~15~~ 31 of the first assessment year for which the exclusion
54.30 is sought. ~~For an application received after December 15, the exclusion shall become effective~~
54.31 ~~for the following assessment year.~~ Except as provided in paragraph (c), the owner of a
54.32 property that has been accepted for a valuation exclusion must notify the assessor if there
54.33 is a change in ownership of the property or in the use of the property as a homestead.

55.1 (i) A first-time application by a qualifying spouse for the market value exclusion under
55.2 paragraph (d) must be made any time within two years of the death of the service member.

55.3 (j) For purposes of this subdivision:

55.4 (1) "active service" has the meaning given in section 190.05;

55.5 (2) "own" means that the person's name is present as an owner on the property deed;

55.6 (3) "primary family caregiver" means a person who is approved by the secretary of the
55.7 United States Department of Veterans Affairs for assistance as the primary provider of
55.8 personal care services for an eligible veteran under the Program of Comprehensive Assistance
55.9 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

55.10 (4) "veteran" has the meaning given the term in section 197.447.

55.11 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
55.12 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
55.13 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise
55.14 disposes of the property, except as otherwise provided in paragraph (n), if:

55.15 (1) the spouse files a first-time application within two years of the death of the service
55.16 member or by June 1, 2019, whichever is later;

55.17 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
55.18 homestead and permanently resides there;

55.19 (3) the veteran met the honorable discharge requirements of paragraph (a); and

55.20 (4) the United States Department of Veterans Affairs certifies that:

55.21 (i) the veteran met the total (100 percent) and permanent disability requirement under
55.22 paragraph (b), clause (2); or

55.23 (ii) the spouse has been awarded dependency and indemnity compensation.

55.24 (l) The purpose of this provision of law providing a level of homestead property tax
55.25 relief for veterans with a disability, their primary family caregivers, and their surviving
55.26 spouses is to help ease the burdens of war for those among our state's citizens who bear
55.27 those burdens most heavily.

55.28 (m) By July 1, the county veterans service officer must certify the disability rating and
55.29 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

55.30 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
55.31 the legal or beneficial title to the property may continue to receive the exclusion for a

56.1 property other than the property for which the exclusion was initially granted until the spouse
56.2 remarries or sells, transfers, or otherwise disposes of the property, provided that:

56.3 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed
56.4 under this paragraph;

56.5 (2) the spouse holds the legal or beneficial title to the property for which the continuation
56.6 of the exclusion is sought under this paragraph, and permanently resides there;

56.7 (3) the estimated market value of the property for which the exclusion is sought under
56.8 this paragraph is less than or equal to the estimated market value of the property that first
56.9 received the exclusion, based on the value of each property on the date of the sale of the
56.10 property that first received the exclusion; and

56.11 (4) the spouse has not previously received the benefit under this paragraph for a property
56.12 other than the property for which the exclusion is sought.

56.13 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

56.14 **Sec. 10. [273.1388] LICENSED IN-HOME CHILD CARE PROVIDER CREDIT.**

56.15 **Subdivision 1. Eligibility.** Property classified as class 1a under section 273.13,
56.16 subdivision 22, and that portion of property classified as class 2a under section 273.13,
56.17 subdivision 23, consisting of the house, garage, and surrounding one acre of land, and used
56.18 to operate a family day care or group family day care program as defined under Minnesota
56.19 Rules, chapter 9502, is eligible for the licensed in-home child care provider credit under
56.20 this section.

56.21 **Subd. 2. Notice.** By July 1, 2021, and each June 1 thereafter, the commissioner of human
56.22 services must provide a list to each county of all licensed family day care or group family
56.23 day care providers located within the county.

56.24 **Subd. 3. Credit amount.** For each qualifying property, the licensed in-home child care
56.25 provider credit is equal to 50 percent of the amount of net tax owed on the property for the
56.26 current taxes payable year after subtracting all other applicable credits as determined under
56.27 section 273.1393.

56.28 **Subd. 4. Credit reimbursement.** The county auditor must determine the tax reductions
56.29 allowed under this section within the county for each taxes payable year and must certify
56.30 that amount, including any prior year adjustments, to the commissioner of revenue as required
56.31 under section 270C.85, subdivision 2, clause (4). The commissioner of revenue must review

57.1 the certification for accuracy and may make necessary changes or return the certification
 57.2 to the county auditor for correction.

57.3 Subd. 5. **Payment.** (a) The commissioner of revenue must reimburse each local taxing
 57.4 jurisdiction, other than school districts, for the tax reductions granted under this section in
 57.5 two equal installments on October 31 and December 26 of the taxes payable year for which
 57.6 the reductions are granted, including in each payment the prior year adjustments certified
 57.7 under section 270C.85, subdivision 2, for that taxes payable year.

57.8 (b) The commissioner of revenue must certify the total of tax reductions granted under
 57.9 this section for each taxes payable year within each school district to the commissioner of
 57.10 education and the commissioner of education must pay the reimbursement amounts to each
 57.11 school district as provided in section 273.1392.

57.12 Subd. 6. **Appropriation.** An amount sufficient to make the payments required under
 57.13 this section to taxing jurisdictions other than school districts is annually appropriated from
 57.14 the general fund to the commissioner of revenue. An amount sufficient to make the payments
 57.15 required under this section for each school district is annually appropriated from the general
 57.16 fund to the commissioner of education.

57.17 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2022.

57.18 Sec. 11. Minnesota Statutes 2020, section 273.1392, is amended to read:

57.19 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

57.20 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
 57.21 conservation tax credits under section 273.119; disaster or emergency reimbursement under
 57.22 sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and 273.1387;
 57.23 licensed in-home child care provider credits under section 273.1388; aids and credits under
 57.24 section 273.1398; enterprise zone property credit payments under section 469.171; and
 57.25 metropolitan agricultural preserve reduction under section 473H.10 for school districts,
 57.26 shall be certified to the Department of Education by the Department of Revenue. The
 57.27 amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

57.28 **EFFECTIVE DATE.** This section is effective July 1, 2022.

57.29 Sec. 12. Minnesota Statutes 2020, section 273.1393, is amended to read:

57.30 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

57.31 Notwithstanding any other provisions to the contrary, "net" property taxes are determined
 57.32 by subtracting the credits in the order listed from the gross tax:

- 58.1 (1) disaster credit as provided in sections 273.1231 to 273.1235;
- 58.2 (2) powerline credit as provided in section 273.42;
- 58.3 (3) agricultural preserves credit as provided in section 473H.10;
- 58.4 (4) enterprise zone credit as provided in section 469.171;
- 58.5 (5) disparity reduction credit;
- 58.6 (6) conservation tax credit as provided in section 273.119;
- 58.7 (7) the school bond credit as provided in section 273.1387;
- 58.8 (8) agricultural credit as provided in section 273.1384;
- 58.9 (9) taconite homestead credit as provided in section 273.135;
- 58.10 (10) supplemental homestead credit as provided in section 273.1391; ~~and~~
- 58.11 (11) the bovine tuberculosis zone credit, as provided in section 273.113; and
- 58.12 (12) the licensed in-home child care provider credit, as provided in section 273.1388.

58.13 The combination of all property tax credits must not exceed the gross tax amount.

58.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2022.

58.15 Sec. 13. Minnesota Statutes 2020, section 275.025, subdivision 1, is amended to read:

58.16 Subdivision 1. **Levy amount.** The state general levy is levied against

58.17 commercial-industrial property and seasonal residential recreational property, as defined

58.18 in this section. The state general levy for commercial-industrial property is ~~\$737,090,000~~

58.19 \$710,800,000 for taxes payable in ~~2020~~ 2022 and thereafter. The state general levy for

58.20 seasonal-recreational property is ~~\$41,690,000~~ \$39,627,000 for taxes payable in ~~2020~~ 2022

58.21 and thereafter. The tax under this section is not treated as a local tax rate under section

58.22 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

58.23 The commissioner shall increase or decrease the preliminary or final rate for a year as

58.24 necessary to account for errors and tax base changes that affected a preliminary or final rate

58.25 for either of the two preceding years. Adjustments are allowed to the extent that the necessary

58.26 information is available to the commissioner at the time the rates for a year must be certified,

58.27 and for the following reasons:

- 58.28 (1) an erroneous report of taxable value by a local official;
- 58.29 (2) an erroneous calculation by the commissioner; and

59.1 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
59.2 residential recreational property reported to the commissioner under section 270C.85,
59.3 subdivision 2, clause (4), for the same year.

59.4 The commissioner may, but need not, make adjustments if the total difference in the tax
59.5 levied for the year would be less than \$100,000.

59.6 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
59.7 in 2022 and thereafter.

59.8 Sec. 14. Minnesota Statutes 2020, section 275.025, subdivision 2, is amended to read:

59.9 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
59.10 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
59.11 as class 3 or class 5(1) under section 273.13, excluding:

59.12 (1) the tax capacity attributable to the first ~~\$100,000~~ \$150,000 of market value of each
59.13 parcel of commercial-industrial property as defined under section 273.13, subdivision 24,
59.14 clauses (1) and (2);

59.15 (2) electric generation attached machinery under class 3; and

59.16 (3) property described in section 473.625.

59.17 County commercial-industrial tax capacity amounts are not adjusted for the captured
59.18 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
59.19 the net tax capacity of transmission lines deducted from a local government's total net tax
59.20 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
59.21 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
59.22 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
59.23 (2), shall apply in determining the portion of a property eligible to be considered within the
59.24 first ~~\$100,000~~ \$150,000 of market value.

59.25 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
59.26 in 2022 and thereafter.

59.27 Sec. 15. Minnesota Statutes 2020, section 275.065, subdivision 3, is amended to read:

59.28 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
59.29 the county treasurer shall deliver after November 10 and on or before November 24 each
59.30 year, by first class mail to each taxpayer at the address listed on the county's current year's
59.31 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,

60.1 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
60.2 or by ordinary mail.

60.3 (b) The commissioner of revenue shall prescribe the form of the notice.

60.4 (c) The notice must inform taxpayers that it contains the amount of property taxes each
60.5 taxing authority proposes to collect for taxes payable the following year. In the case of a
60.6 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
60.7 The notice must clearly state for each city that has a population over 500, county, school
60.8 district, regional library authority established under section 134.201, ~~and~~ metropolitan taxing
60.9 districts as defined in paragraph (i), and fire protection and emergency medical services
60.10 special taxing districts established under section 144F.01, the time and place of a meeting
60.11 for each taxing authority in which the budget and levy will be discussed and public input
60.12 allowed, prior to the final budget and levy determination. The taxing authorities must provide
60.13 the county auditor with the information to be included in the notice on or before the time it
60.14 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
60.15 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
60.16 must provide a telephone number for the taxing authority that taxpayers may call if they
60.17 have questions related to the notice and an address where comments will be received by
60.18 mail, except that no notice required under this section shall be interpreted as requiring the
60.19 printing of a personal telephone number or address as the contact information for a taxing
60.20 authority. If a taxing authority does not maintain public offices where telephone calls can
60.21 be received by the authority, the authority may inform the county of the lack of a public
60.22 telephone number and the county shall not list a telephone number for that taxing authority.

60.23 (d) The notice must state for each parcel:

60.24 (1) the market value of the property as determined under section 273.11, and used for
60.25 computing property taxes payable in the following year and for taxes payable in the current
60.26 year as each appears in the records of the county assessor on November 1 of the current
60.27 year; and, in the case of residential property, whether the property is classified as homestead
60.28 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market
60.29 values apply and that the values are final values;

60.30 (2) the items listed below, shown separately by county, city or town, and state general
60.31 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
60.32 credit under section 273.1387, the licensed in-home child care provider credit under section
60.33 273.1388, voter approved school levy, other local school levy, and the sum of the special
60.34 taxing districts, and as a total of all taxing authorities:

61.1 (i) the actual tax for taxes payable in the current year; and

61.2 (ii) the proposed tax amount.

61.3 If the county levy under clause (2) includes an amount for a lake improvement district
61.4 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
61.5 must be separately stated from the remaining county levy amount.

61.6 In the case of a town or the state general tax, the final tax shall also be its proposed tax
61.7 unless the town changes its levy at a special town meeting under section 365.52. If a school
61.8 district has certified under section 126C.17, subdivision 9, that a referendum will be held
61.9 in the school district at the November general election, the county auditor must note next
61.10 to the school district's proposed amount that a referendum is pending and that, if approved
61.11 by the voters, the tax amount may be higher than shown on the notice. In the case of the
61.12 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
61.13 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
61.14 the St. Paul Library Agency must be listed separately from the remaining amount of the
61.15 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
61.16 listed separately from the remaining amount of the county's levy. In the case of a parcel
61.17 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
61.18 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
61.19 capacity subject to the areawide tax must each be stated separately and not included in the
61.20 sum of the special taxing districts; and

61.21 (3) the increase or decrease between the total taxes payable in the current year and the
61.22 total proposed taxes, expressed as a percentage.

61.23 For purposes of this section, the amount of the tax on homesteads qualifying under the
61.24 senior citizens' property tax deferral program under chapter 290B is the total amount of
61.25 property tax before subtraction of the deferred property tax amount.

61.26 (e) The notice must clearly state that the proposed or final taxes do not include the
61.27 following:

61.28 (1) special assessments;

61.29 (2) levies approved by the voters after the date the proposed taxes are certified, including
61.30 bond referenda and school district levy referenda;

61.31 (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday
61.32 in November of the levy year as provided under section 275.73;

62.1 (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring
62.2 after the date the proposed taxes are certified;

62.3 (5) amounts necessary to pay tort judgments against the taxing authority that become
62.4 final after the date the proposed taxes are certified; and

62.5 (6) the contamination tax imposed on properties which received market value reductions
62.6 for contamination.

62.7 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the
62.8 county treasurer to deliver the notice as required in this section does not invalidate the
62.9 proposed or final tax levy or the taxes payable pursuant to the tax levy.

62.10 (g) If the notice the taxpayer receives under this section lists the property as
62.11 nonhomestead, and satisfactory documentation is provided to the county assessor by the
62.12 applicable deadline, and the property qualifies for the homestead classification in that
62.13 assessment year, the assessor shall reclassify the property to homestead for taxes payable
62.14 in the following year.

62.15 (h) In the case of class 4 residential property used as a residence for lease or rental
62.16 periods of 30 days or more, the taxpayer must either:

62.17 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,
62.18 or lessee; or

62.19 (2) post a copy of the notice in a conspicuous place on the premises of the property.

62.20 The notice must be mailed or posted by the taxpayer by November 27 or within three
62.21 days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer
62.22 of the address of the taxpayer, agent, caretaker, or manager of the premises to which the
62.23 notice must be mailed in order to fulfill the requirements of this paragraph.

62.24 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
62.25 districts" means the following taxing districts in the seven-county metropolitan area that
62.26 levy a property tax for any of the specified purposes listed below:

62.27 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
62.28 473.521, 473.547, or 473.834;

62.29 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

62.30 (3) Metropolitan Mosquito Control Commission under section 473.711.

63.1 For purposes of this section, any levies made by the regional rail authorities in the county
63.2 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
63.3 shall be included with the appropriate county's levy.

63.4 (j) The governing body of a county, city, or school district may, with the consent of the
63.5 county board, include supplemental information with the statement of proposed property
63.6 taxes about the impact of state aid increases or decreases on property tax increases or
63.7 decreases and on the level of services provided in the affected jurisdiction. This supplemental
63.8 information may include information for the following year, the current year, and for as
63.9 many consecutive preceding years as deemed appropriate by the governing body of the
63.10 county, city, or school district. It may include only information regarding:

63.11 (1) the impact of inflation as measured by the implicit price deflator for state and local
63.12 government purchases;

63.13 (2) population growth and decline;

63.14 (3) state or federal government action; and

63.15 (4) other financial factors that affect the level of property taxation and local services
63.16 that the governing body of the county, city, or school district may deem appropriate to
63.17 include.

63.18 The information may be presented using tables, written narrative, and graphic
63.19 representations and may contain instruction toward further sources of information or
63.20 opportunity for comment.

63.21 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
63.22 in 2022.

63.23 Sec. 16. Minnesota Statutes 2020, section 275.066, is amended to read:

63.24 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

63.25 For the purposes of property taxation and property tax state aids, the term "special taxing
63.26 districts" includes the following entities:

63.27 (1) watershed districts under chapter 103D;

63.28 (2) sanitary districts under sections 442A.01 to 442A.29;

63.29 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

63.30 (4) regional public library districts under section 134.201;

63.31 (5) park districts under chapter 398;

- 64.1 (6) regional railroad authorities under chapter 398A;
- 64.2 (7) hospital districts under sections 447.31 to 447.38;
- 64.3 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- 64.4 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- 64.5 (10) regional development commissions under sections 462.381 to 462.398;
- 64.6 (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- 64.7 (12) port authorities under sections 469.048 to 469.068;
- 64.8 (13) economic development authorities under sections 469.090 to 469.1081;
- 64.9 (14) Metropolitan Council under sections 473.123 to 473.549;
- 64.10 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 64.11 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 64.12 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter
64.13 437, section 1;
- 64.14 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 64.15 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections
64.16 1 to 6;
- 64.17 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,
64.18 section 39;
- 64.19 (21) Middle Mississippi River Watershed Management Organization under sections
64.20 103B.211 and 103B.241;
- 64.21 (22) fire protection and emergency medical services special taxing districts under section
64.22 144F.01;
- 64.23 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;
- 64.24 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
64.25 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 64.26 (25) an airport authority created under section 360.0426; and
- 64.27 (26) any other political subdivision of the state of Minnesota, excluding counties, school
64.28 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the
64.29 county auditor, as determined by the commissioner of revenue.

65.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
65.2 applies to districts established after June 30, 2021.

65.3 Sec. 17. Minnesota Statutes 2020, section 276.04, subdivision 2, is amended to read:

65.4 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of
65.5 the tax statements. The commissioner of revenue shall prescribe the form of the property
65.6 tax statement and its contents. The tax statement must not state or imply that property tax
65.7 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
65.8 of the dollar amount due to each taxing authority and the amount of the state tax from the
65.9 parcel of real property for which a particular tax statement is prepared. The dollar amounts
65.10 attributable to the county, the state tax, the voter approved school tax, the other local school
65.11 tax, the township or municipality, and the total of the metropolitan special taxing districts
65.12 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The
65.13 amounts due all other special taxing districts, if any, may be aggregated except that any
65.14 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,
65.15 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly
65.16 under the appropriate county's levy. If the county levy under this paragraph includes an
65.17 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,
65.18 the amount attributable for that purpose must be separately stated from the remaining county
65.19 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes
65.20 an amount for public library service under section 134.07, the amount attributable for that
65.21 purpose may be separated from the remaining county levy amount. The amount of the tax
65.22 on homesteads qualifying under the senior citizens' property tax deferral program under
65.23 chapter 290B is the total amount of property tax before subtraction of the deferred property
65.24 tax amount. The amount of the tax on contamination value imposed under sections 270.91
65.25 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar
65.26 amount of any special assessments, may be rounded to the nearest even whole dollar. For
65.27 purposes of this section whole odd-numbered dollars may be adjusted to the next higher
65.28 even-numbered dollar. The amount of market value excluded under section 273.11,
65.29 subdivision 16, if any, must also be listed on the tax statement.

65.30 (b) The property tax statements for manufactured homes and sectional structures taxed
65.31 as personal property shall contain the same information that is required on the tax statements
65.32 for real property.

65.33 (c) Real and personal property tax statements must contain the following information
65.34 in the order given in this paragraph. The information must contain the current year tax

66.1 information in the right column with the corresponding information for the previous year
66.2 in a column on the left:

66.3 (1) the property's estimated market value under section 273.11, subdivision 1;

66.4 (2) the property's homestead market value exclusion under section 273.13, subdivision
66.5 35;

66.6 (3) the property's taxable market value under section 272.03, subdivision 15;

66.7 (4) the property's gross tax, before credits;

66.8 (5) for agricultural properties, the credits under sections 273.1384 and 273.1387;

66.9 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;

66.10 273.1388; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount
66.11 of credit received under section 273.135 must be separately stated and identified as "taconite
66.12 tax relief"; and

66.13 (7) the net tax payable in the manner required in paragraph (a).

66.14 (d) If the county uses envelopes for mailing property tax statements and if the county
66.15 agrees, a taxing district may include a notice with the property tax statement notifying
66.16 taxpayers when the taxing district will begin its budget deliberations for the current year,
66.17 and encouraging taxpayers to attend the hearings. If the county allows notices to be included
66.18 in the envelope containing the property tax statement, and if more than one taxing district
66.19 relative to a given property decides to include a notice with the tax statement, the county
66.20 treasurer or auditor must coordinate the process and may combine the information on a
66.21 single announcement.

66.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2022.

66.23 Sec. 18. Minnesota Statutes 2020, section 290A.03, subdivision 3, is amended to read:

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

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

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

66.27 (i) all nontaxable income;

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

- 67.1 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
67.2 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
67.3 Code;
- 67.4 (iv) cash public assistance and relief;
- 67.5 (v) any pension or annuity (including railroad retirement benefits, all payments received
67.6 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
67.7 which was not exclusively funded by the claimant or spouse, or which was funded exclusively
67.8 by the claimant or spouse and which funding payments were excluded from federal adjusted
67.9 gross income in the years when the payments were made;
- 67.10 (vi) interest received from the federal or a state government or any instrumentality or
67.11 political subdivision thereof;
- 67.12 (vii) workers' compensation;
- 67.13 (viii) nontaxable strike benefits;
- 67.14 (ix) the gross amounts of payments received in the nature of disability income or sick
67.15 pay as a result of accident, sickness, or other disability, whether funded through insurance
67.16 or otherwise;
- 67.17 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
67.18 1986, as amended through December 31, 1995;
- 67.19 (xi) contributions made by the claimant to an individual retirement account, including
67.20 a qualified voluntary employee contribution; simplified employee pension plan;
67.21 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
67.22 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
67.23 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
67.24 the claimant and spouse;
- 67.25 (xii) to the extent not included in federal adjusted gross income, distributions received
67.26 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 67.27 (xiii) nontaxable scholarship or fellowship grants;
- 67.28 (xiv) alimony received to the extent not included in the recipient's income;
- 67.29 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
67.30 Code;
- 67.31 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
67.32 Code; and

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

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

68.8 (b) "Income" does not include:

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

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

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

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

68.18 (5) relief granted under this chapter;

68.19 (6) child support payments received under a temporary or final decree of dissolution or
68.20 legal separation;

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

68.24 (8) alimony paid; or

68.25 (9) veterans disability compensation paid under title 38 of the United States Code.

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

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

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

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

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

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

69.2 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or
69.3 before December 31 of the year for which the taxes were levied or rent paid, the exemption
69.4 amount.

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

69.6 (1) "exemption amount" means the exemption amount under section 290.0121,
69.7 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

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

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

69.14 **EFFECTIVE DATE.** This section is effective for refund claims based on property taxes
69.15 payable in 2022 and rent paid in 2021 and thereafter.

69.16 Sec. 19. Minnesota Statutes 2020, section 290C.10, is amended to read:

69.17 **290C.10 WITHDRAWAL PROCEDURES.**

69.18 (a) The current owner of land enrolled under the sustainable forest incentive program
69.19 for a minimum of one-half the number of years of the covenant's minimum duration may
69.20 notify the commissioner of the intent to terminate enrollment. Within 90 days of receipt of
69.21 notice to terminate enrollment, the commissioner shall inform the claimant in writing,
69.22 acknowledging receipt of this notice and indicating the effective date of termination from
69.23 the sustainable forest incentive program. Termination of enrollment in the sustainable forest
69.24 incentive program occurs on January 1 of the calendar year following receipt by the
69.25 commissioner of the termination notice, but no earlier than January 1 of the fifth, 11th, or
69.26 26th calendar year for the eight-, 20-, or 50-year respective minimum covenant, subject to
69.27 the applicable covenant duration period under section 290C.055. After the commissioner
69.28 issues an effective date of termination, a claimant wishing to continue the land's enrollment
69.29 in the sustainable forest incentive program beyond the termination date must apply for
69.30 enrollment as prescribed in section 290C.04. A claimant who withdraws a parcel of land
69.31 from this program may not reenroll the parcel for a period of three years. Within 90 days
69.32 after the termination date, the commissioner shall execute and acknowledge a document

70.1 releasing the land from the covenant required under this chapter. The document must be
70.2 mailed to the claimant and is entitled to be recorded.

70.3 (b) Notwithstanding paragraph (a), on request of the claimant, the commissioner may
70.4 allow early withdrawal from the Sustainable Forest Incentive Act without penalty when the
70.5 state of Minnesota, any local government unit, or any other entity which has the power of
70.6 eminent domain acquires title or possession to the land for a public purpose. In the case of
70.7 an eligible acquisition under this paragraph, the commissioner shall execute and acknowledge
70.8 a document releasing the land acquired by the state, local government unit, or other entity
70.9 from the covenant.

70.10 (c) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall
70.11 allow early withdrawal from the Sustainable Forest Incentive Act without penalty when a
70.12 government or nonprofit entity acquires a permanent conservation easement on the enrolled
70.13 property and the conservation easement is at least as restrictive as the covenant required
70.14 under section 290C.04. The commissioner of natural resources must notify the commissioner
70.15 of lands acquired under this paragraph that are eligible for withdrawal. In the case of an
70.16 eligible easement acquisition under this paragraph, the commissioner shall execute and
70.17 acknowledge a document releasing the land subject to the easement from the covenant.

70.18 (d) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall
70.19 allow early withdrawal from the Sustainable Forest Incentive Act without penalty for land
70.20 that is subject to fee or easement acquisition or lease to the state of Minnesota or a political
70.21 subdivision of the state for the public purpose of a paved trail. The commissioner of natural
70.22 resources must notify the commissioner of lands acquired under this paragraph that are
70.23 eligible for withdrawal. In the case of an eligible fee or easement acquisition or lease under
70.24 this paragraph, the commissioner shall execute and acknowledge a document releasing the
70.25 land subject to fee or easement acquisition or lease by the state or political subdivision of
70.26 the state.

70.27 (e) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall
70.28 allow early withdrawal from the Sustainable Forest Incentive Act for land to be conveyed
70.29 to the state of Minnesota for the Boundary Waters Canoe Area Wilderness private forest
70.30 land exchange with The Conservation Fund. The commissioner of natural resources must
70.31 notify the commissioner of lands that are eligible for withdrawal under this paragraph. The
70.32 commissioner shall execute and acknowledge a document releasing the land from the
70.33 covenant upon payment by the claimant of an amount equal to the payments issued under
70.34 this chapter for the enrolled land, plus interest.

71.1 (f) All other enrolled land must remain in the program.

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

71.3 Sec. 20. Minnesota Statutes 2020, section 429.021, subdivision 1, is amended to read:

71.4 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
71.5 power to make the following improvements:

71.6 (1) To acquire, open, and widen any street, and to improve the same by constructing,
71.7 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
71.8 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
71.9 including the beautification thereof and including storm sewers or other street drainage and
71.10 connections from sewer, water, or similar mains to curb lines.

71.11 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary
71.12 sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps,
71.13 lift stations, service connections, and other appurtenances of a sewer system, within and
71.14 without the corporate limits.

71.15 (3) To construct, reconstruct, extend, and maintain steam heating mains.

71.16 (4) To install, replace, extend, and maintain street lights and street lighting systems and
71.17 special lighting systems.

71.18 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems,
71.19 including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks,
71.20 treatment plants, and other appurtenances of a water works system, within and without the
71.21 corporate limits.

71.22 (6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational
71.23 facilities within or without the corporate limits.

71.24 (7) To plant trees on streets and provide for their trimming, care, and removal.

71.25 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
71.26 property and to fill the same.

71.27 (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

71.28 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

71.29 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
71.30 promote a pedestrian skyway system. Such improvement may be made upon a petition
71.31 pursuant to section 429.031, subdivision 3.

- 72.1 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
72.2 underground pedestrian concourses.
- 72.3 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public
72.4 malls, plazas or courtyards.
- 72.5 (14) To construct, reconstruct, extend, and maintain district heating systems.
- 72.6 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection
72.7 systems in existing buildings, but only upon a petition pursuant to section 429.031,
72.8 subdivision 3.
- 72.9 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
72.10 sound barriers.
- 72.11 (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution
72.12 facilities owned by a municipal gas or electric utility.
- 72.13 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
72.14 related to the operation of enhanced 911 telephone service.
- 72.15 (19) To improve, construct, extend, and maintain facilities for Internet access and other
72.16 communications purposes, if the council finds that:
- 72.17 (i) the facilities are necessary to make available Internet access or other communications
72.18 services that are not and will not be available through other providers or the private market
72.19 in the reasonably foreseeable future; and
- 72.20 (ii) the service to be provided by the facilities will not compete with service provided
72.21 by private entities.
- 72.22 (20) To assess affected property owners for all or a portion of the costs agreed to with
72.23 an electric utility, telecommunications carrier, or cable system operator to bury or alter a
72.24 new or existing distribution system within the public right-of-way that exceeds the utility's
72.25 design and construction standards, or those set by law, tariff, or franchise, but only upon
72.26 petition under section 429.031, subdivision 3.
- 72.27 (21) To assess affected property owners for repayment of voluntary energy improvement
72.28 financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.
- 72.29 (22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy
72.30 improvement projects in existing buildings, provided that:
- 72.31 (i) a petition for the improvement is made by a property owner under section 429.031,
72.32 subdivision 3;

- 73.1 (ii) the municipality funds and administers the energy improvement project;
- 73.2 (iii) project funds are only used for the installation of improvements to heating,
- 73.3 ventilation, and air conditioning equipment and building envelope and for the installation
- 73.4 of renewable energy systems;
- 73.5 (iv) each property owner petitioning for the improvement receives notice that free or
- 73.6 low-cost energy improvements may be available under federal, state, or utility programs;
- 73.7 (v) for energy improvement projects on residential property, only residential property
- 73.8 having five or more units may obtain financing for projects under this clause; and
- 73.9 (vi) prior to financing an energy improvement project or imposing an assessment for a
- 73.10 project, written notice is provided to the mortgage lender of any mortgage encumbering or
- 73.11 otherwise secured by the property proposed to be improved.

73.12 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022

73.13 and thereafter.

73.14 Sec. 21. Minnesota Statutes 2020, section 429.031, subdivision 3, is amended to read:

73.15 Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting upon

73.16 any street named as the location of any improvement shall petition the council to construct

73.17 the improvement and to assess the entire cost against their property, the council may, without

73.18 a public hearing, adopt a resolution determining such fact and ordering the improvement.

73.19 The validity of the resolution shall not be questioned by any taxpayer or property owner or

73.20 the municipality unless an action for that purpose is commenced within 30 days after adoption

73.21 of the resolution as provided in section 429.036. Nothing herein prevents any property

73.22 owner from questioning the amount or validity of the special assessment against the owner's

73.23 property pursuant to section 429.081. In the case of a petition for the municipality to own

73.24 and install a fire protection system, energy improvement projects, a pedestrian skyway

73.25 system, or on-site water contaminant improvements, the petition must contain or be

73.26 accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner

73.27 will grant the municipality the necessary property interest in the building to permit the city

73.28 to enter upon the property and the building to construct, maintain, and operate the fire

73.29 protection system, energy improvement projects, pedestrian skyway system, or on-site water

73.30 contaminant improvements. In the case of a petition for the installation of a privately owned

73.31 fire protection system, energy improvement projects, a privately owned pedestrian skyway

73.32 system, or privately owned on-site water contaminant improvements, the petition shall

73.33 contain the plans and specifications for the improvement, the estimated cost of the

74.1 improvement and a statement indicating whether the city or the owner will contract for the
74.2 construction of the improvement. If the owner is contracting for the construction of the
74.3 improvement, the city shall not approve the petition until it has reviewed and approved the
74.4 plans, specifications, and cost estimates contained in the petition. The construction cost
74.5 financed under section 429.091 shall not exceed the amount of the cost estimate contained
74.6 in the petition. In the case of a petition for the installation of a fire protection system, energy
74.7 improvement projects, a pedestrian skyway system, or on-site water contaminant
74.8 improvements, the petitioner may request abandonment of the improvement at any time
74.9 after it has been ordered pursuant to subdivision 1 and before contracts have been awarded
74.10 for the construction of the improvement under section 429.041, subdivision 2. If such a
74.11 request is received, the city council shall abandon the proceedings but in such case the
74.12 petitioner shall reimburse the city for any and all expenses incurred by the city in connection
74.13 with the improvement.

74.14 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
74.15 and thereafter.

74.16 **Sec. 22. SUPPLEMENTAL 2022 CITY AID DISTRIBUTION.**

74.17 (a) Supplemental aid for a city equals the greater of: (1) zero; or (2) the difference
74.18 between the local government aid amount under Minnesota Statutes, section 477A.013,
74.19 subdivision 9, certified for the city for aid payable in 2021, minus the local government aid
74.20 amount under Minnesota Statutes, section 477A.013, subdivision 9, certified for the city
74.21 for aid payable in 2022.

74.22 (b) The commissioner of revenue must notify a city of its supplemental aid amount
74.23 before August 1, 2021, and must pay the aid in calendar year 2022 in two installments on
74.24 the dates specified in Minnesota Statutes, section 477A.015.

74.25 (c) Supplemental aid under this section must not be included for any calculations under
74.26 Minnesota Statutes, section 477A.013, that rely on prior year aid amounts.

74.27 (d) An amount sufficient to pay supplemental aid under this section is appropriated in
74.28 fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime
74.29 appropriation.

74.30 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2022.

ARTICLE 5

TAX INCREMENT FINANCING

Section 1. CITY OF BLOOMINGTON; TIF AUTHORITY; AMERICAN BOULEVARD.

Subdivision 1. Establishment. Pursuant to the special rules established in subdivision 2, the housing and redevelopment authority of the city of Bloomington or the city of Bloomington may establish a redevelopment district within the city of Bloomington, limited to the following parcels, identified by tax identification numbers, together with adjacent roads and rights-of-way: 04-027-24-11-0032, 04-027-24-11-0033, and 04-027-24-11-0034.

Subd. 2. Special rules. If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the district meets all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) expenditures incurred in connection with the development of the property described in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) increments generated from the district may be expended on undergrounding or overhead power lines, transformers, and related utility infrastructure within the project area and all such expenditures are deemed expended on activities within the district for purposes of Minnesota Statutes, section 469.1763.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 2. CITY OF BLOOMINGTON; TIF AUTHORITY; 98TH & ALDRICH.

Subdivision 1. Establishment. Pursuant to the special rules established in subdivision 2, the housing and redevelopment authority of the city of Bloomington or the city of Bloomington may establish a redevelopment district within the city of Bloomington, limited to the following parcels, identified by tax identification numbers, together with adjacent roads and rights-of-way: 16-027-24-41-0010, 16-027-24-41-0011, and 16-027-24-41-0012.

Subd. 2. Special rules. If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

76.1 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
 76.2 subdivision 10; and

76.3 (2) expenditures incurred in connection with the development of the property described
 76.4 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision
 76.5 4j.

76.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 76.7 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
 76.8 Statutes, section 645.021, subdivisions 2 and 3.

76.9 Sec. 3. **CITY OF BURNSVILLE; TIF AUTHORITY; BURNSVILLE CENTER**
 76.10 **MALL.**

76.11 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
 76.12 economic development authority of the city of Burnsville or the city of Burnsville may
 76.13 establish one or more redevelopment districts located wholly within the area of the city of
 76.14 Burnsville, Dakota County, Minnesota, limited to the parcels comprising the Burnsville
 76.15 Center mall together with adjacent roads and rights-of-way.

76.16 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
 76.17 district under this section, the following special rules apply:

76.18 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
 76.19 469.174, subdivision 10;

76.20 (2) expenditures incurred in connection with the development of the property described
 76.21 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
 76.22 subdivision 4j; and

76.23 (3) increments generated from the districts may be expended for the construction and
 76.24 acquisition of property for a bridge, tunnel, or other connector from the property described
 76.25 in subdivision 1 across adjacent roads and rights-of-way and all such expenditures are
 76.26 deemed expended on activities within the district for purposes of Minnesota Statutes, section
 76.27 469.1763.

76.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 76.29 city of Burnsville and its chief clerical officer comply with the requirements of Minnesota
 76.30 Statutes, section 645.021, subdivisions 2 and 3.

77.1 **Sec. 4. CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE**
77.2 **EXTENSION.**

77.3 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
77.4 must be undertaken within a five-year period from the date of certification of a tax increment
77.5 financing district, is extended by a five-year period for Tax Increment Financing District
77.6 No. 1-8, administered by the city of Mountain Lake or its economic development authority.

77.7 (b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to
77.8 the use of increment after the expiration of the five-year period under Minnesota Statutes,
77.9 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing
77.10 District No. 1-8.

77.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
77.12 city of Mountain Lake and its chief clerical officer comply with Minnesota Statutes, section
77.13 645.021, subdivisions 2 and 3.

77.14 **Sec. 5. CITY OF RAMSEY; TIF DISTRICT NO. 14; FIVE-YEAR RULE**
77.15 **EXTENSION.**

77.16 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
77.17 must be undertaken within a five-year period from the date of certification of a tax increment
77.18 financing district, is extended by a five-year period to November 28, 2026, for Tax Increment
77.19 Financing District No. 14 administered by the city of Ramsey.

77.20 (b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to
77.21 the use of increment after the expiration of the five-year period under Minnesota Statutes,
77.22 section 469.1763, subdivision 3, is extended to the 16th year for Tax Increment Financing
77.23 District No. 14.

77.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
77.25 city of Ramsey and its chief clerical officer comply with Minnesota Statutes, section 645.021,
77.26 subdivisions 2 and 3.

77.27 **Sec. 6. CITY OF WAYZATA; TIF DISTRICT NO. 6; EXPENDITURES ALLOWED.**

77.28 Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, the city of Wayzata
77.29 may expend increments generated from Tax Increment Financing District No. 6 for the
77.30 design and construction of the lakefront pedestrian walkway and community transient lake
77.31 public access infrastructure related to the Panoway on Wayzata Bay project, and all such
77.32 expenditures are deemed expended on activities within the district.

78.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
78.2 city of Wayzata, and its chief clerical officer, comply with the requirement of Minnesota
78.3 Statutes, section 645.021, subdivisions 2 and 3.

78.4 Sec. 7. **CITY OF WINDOM; TIF DISTRICT NO. 1-22; FIVE-YEAR RULE**
78.5 **EXTENSION; DURATION EXTENSION.**

78.6 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
78.7 must be undertaken within a five-year period from the date of certification of a tax increment
78.8 financing district, is considered to be met for Tax Increment Financing District No. 1-22,
78.9 administered by the city of Windom or its economic development authority, if activities are
78.10 undertaken within ten years of the district's certification.

78.11 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating
78.12 to the use of increment after the expiration of the five-year period under Minnesota Statutes,
78.13 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing
78.14 District No. 1-22.

78.15 (c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of
78.16 Windom, or its economic development authority, may elect to extend the duration of Tax
78.17 Increment Financing District No. 1-22, by five years.

78.18 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day after the governing
78.19 body of the city of Windom and its chief clerical officer comply with Minnesota Statutes,
78.20 section 645.021, subdivisions 2 and 3. Paragraph (c) is effective upon compliance by the
78.21 city of Windom, Cottonwood County, and Independent School District No. 177 with the
78.22 requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,
78.23 subdivisions 2 and 3.

78.24 Sec. 8. **AFFORDABLE HOUSING DEVELOPMENT TAX ASSISTANCE REPORT.**

78.25 (a) No later than January 31, 2022, the commissioner of revenue, in consultation with
78.26 the Minnesota Housing Finance Agency, the Minnesota State Auditor, the Association of
78.27 Minnesota Counties, and the League of Minnesota Cities, must produce a report on affordable
78.28 housing projects paid for in whole or in part by either tax increment, or from a city or county
78.29 housing trust fund for local housing development established under Minnesota Statutes,
78.30 section 462C.16. The commissioner must provide a copy of the report to the legislative
78.31 committees with jurisdiction over taxation, property taxation, and housing. The report must
78.32 comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197.

79.1 (b) For housing projects financed in whole or in part by tax increment, the report shall
79.2 include the following:

79.3 (1) the identity of each housing tax increment financing district established under
79.4 Minnesota Statutes, chapter 469, or through special law, in the previous five years, including
79.5 the district's location, certification date, and projected decertification date;

79.6 (2) for each housing district identified under clause (1), a list of each housing project
79.7 financed in whole or in part from tax increment, including the percentage of area median
79.8 income relative to each housing project, and any income limits required under federal, state,
79.9 or local law for each housing project; and

79.10 (3) for any tax increment financing district that, pursuant to Minnesota Statutes, section
79.11 469.1763, subdivision 2, paragraph (d), increased the permitted amount of expenditures for
79.12 activities located outside the district in the last five years, the district's location, type of
79.13 district, certification date, projected decertification date, and detailed information relating
79.14 to each housing project financed, including the percentage of area median income relative
79.15 to each housing project, and any income limits required under federal, state, or local law
79.16 for each housing project.

79.17 (c) For each housing trust fund established under Minnesota Statutes, section 462C.16,
79.18 the report shall include the following:

79.19 (1) a copy of the ordinance or joint powers agreement establishing the trust fund; and

79.20 (2) an accounting of all authorized expenditures from the housing trust fund for each
79.21 calendar year, separated by each of the following expenditure types:

79.22 (i) administrative expenses;

79.23 (ii) grants, loans, and business guarantees for the development, rehabilitation, or financing
79.24 of housing, with detailed information as to each housing project, including the percentage
79.25 of area median income relative to each housing project, and any income limits required
79.26 under federal, state, or local law for each housing project;

79.27 (iii) matching of other funds from federal, state, or private resources for housing projects,
79.28 with details provided as to each housing project, including the percentage of area median
79.29 income relative to each housing project, and any income limits required under federal, state,
79.30 or local law for each housing project; and

79.31 (iv) down payment assistance, rental assistance, and home buyer counseling services.

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

80.1 **ARTICLE 6**

80.2 **PUBLIC FINANCE**

80.3 Section 1. Minnesota Statutes 2020, section 297A.993, subdivision 2, is amended to read:

80.4 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated
 80.5 exclusively to: (1) payment of the capital cost of a specific transportation project or
 80.6 improvement; (2) payment of the costs, which may include both capital and operating costs,
 80.7 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes
 80.8 to school program under section 174.40; ~~or~~ (4) payment of transit operating costs; or (5)
 80.9 payment of the capital cost of constructing buildings and other facilities for maintaining
 80.10 transportation or transit projects or improvements. The transportation or transit project or
 80.11 improvement must be designated by the board of the county, or more than one county acting
 80.12 under a joint powers agreement. Except for taxes for operating costs of a transit project or
 80.13 improvement, or for transit operations, the taxes must terminate when revenues raised are
 80.14 sufficient to finance the project. Nothing in this subdivision prohibits the exclusive dedication
 80.15 of the proceeds of the taxes to payments for more than one project or improvement. After
 80.16 a public hearing a county may, by resolution, dedicate the proceeds of the tax for a new
 80.17 enumerated project.

80.18 Sec. 2. Minnesota Statutes 2020, section 453A.04, subdivision 21, is amended to read:

80.19 Subd. 21. ~~All other powers~~ Exercising powers of a municipal power agency. ~~It may~~
 80.20 ~~exercise all other powers not inconsistent with the Constitution of the state of Minnesota~~
 80.21 ~~or the United States Constitution, which powers may be reasonably necessary or appropriate~~
 80.22 ~~for or incidental to the effectuation of its authorized purposes or to the exercise of any of~~
 80.23 ~~the powers enumerated in this section, and generally may exercise in connection with its~~
 80.24 ~~property and affairs, and in connection with property within its control, any and all powers~~
 80.25 ~~which might be exercised by a natural person or a private corporation in connection with~~
 80.26 ~~similar property and affairs.~~ It may exercise the powers of a municipal power agency under
 80.27 chapter 453, for the limited purpose of engaging in tax-exempt prepayments and related
 80.28 transactions as described in section 148(b)(4) of the Internal Revenue Code of 1986, as
 80.29 amended, and the Code of Federal Regulations, title 26, part 1, section 1.148-1(e)(2)(iii),
 80.30 both as may be amended from time to time, or as may otherwise be authorized by statute
 80.31 or the commissioner of internal revenue.

81.1 Sec. 3. Minnesota Statutes 2020, section 453A.04, is amended by adding a subdivision to
81.2 read:

81.3 Subd. 22. All other powers. It may exercise all other powers not inconsistent with the
81.4 Minnesota Constitution or the United States Constitution, which powers may be reasonably
81.5 necessary or appropriate for or incidental to the effectuation of its authorized purposes or
81.6 to the exercise of any of the powers enumerated in this section, and generally may exercise
81.7 in connection with its property and affairs, and in connection with property within its control,
81.8 any and all powers which might be exercised by a natural person or a private corporation
81.9 in connection with similar property and affairs.

81.10 Sec. 4. Minnesota Statutes 2020, section 465.71, is amended to read:

81.11 **465.71 INSTALLMENT, LEASE PURCHASE; CITY, COUNTY, TOWN,**
81.12 **SCHOOL.**

81.13 A home rule charter city, statutory city, county, town, or school district may purchase
81.14 personal property under an installment contract, or lease real or personal property with an
81.15 option to purchase under a lease-purchase agreement, by which contract or agreement title
81.16 is retained by the seller or vendor or assigned to a third party as security for the purchase
81.17 price, including interest, if any, but such purchases are subject to statutory and charter
81.18 provisions applicable to the purchase of real or personal property. For purposes of the bid
81.19 requirements contained in section 471.345, "the amount of the contract" shall include the
81.20 total of all lease payments for the entire term of the lease under a lease-purchase agreement.
81.21 The obligation created by an installment contract or a lease-purchase agreement for personal
81.22 property, or an installment contract or a lease-purchase agreement for real property if the
81.23 amount of the contract for purchase of the real property is less than \$1,000,000, shall not
81.24 be included in the calculation of net debt for purposes of section 475.53, and shall not
81.25 constitute debt under any other statutory provision. No election shall be required in
81.26 connection with the execution of an installment contract or a lease-purchase agreement
81.27 authorized by this section. The city, county, town, or school district must have the right to
81.28 terminate a lease-purchase agreement at the end of any fiscal year during its term.

81.29 Sec. 5. Minnesota Statutes 2020, section 475.56, is amended to read:

81.30 **475.56 INTEREST RATE.**

81.31 (a) Any municipality issuing obligations under any law may issue obligations bearing
81.32 interest at a single rate or at rates varying from year to year which may be lower or higher
81.33 in later years than in earlier years. ~~Such higher rate for any period prior to maturity may be~~

82.1 ~~represented in part by separate coupons designated as additional coupons, extra coupons,~~
 82.2 ~~or B-coupons, but~~ The highest aggregate rate of interest contracted to be so paid for any
 82.3 period shall not exceed the maximum rate authorized by law. ~~Such higher rate may also be~~
 82.4 ~~represented in part by the issuance of additional obligations of the same series, over and~~
 82.5 ~~above but not exceeding two percent of the amount otherwise authorized to be issued, and~~
 82.6 ~~the amount of such additional obligations shall not be included in the amount required by~~
 82.7 ~~section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price~~
 82.8 ~~required by section 475.60 or any other law to be paid; but if the principal amount of the~~
 82.9 ~~entire series exceeds its cash sale price, such excess shall not, when added to the total amount~~
 82.10 ~~of interest payable on all obligations of the series to their stated maturity dates, cause and~~
 82.11 ~~the average annual rate of such interest to~~ may not exceed the maximum rate authorized by
 82.12 law. This section does not authorize a provision in any such obligations for the payment of
 82.13 a higher rate of interest after maturity than before.

82.14 (b) Any municipality issuing obligations under any law may sell original issue discount
 82.15 or premium obligations having a stated principal amount in excess of the authorized amount
 82.16 and the sale price, provided that:

82.17 ~~(1) the sale price does not exceed by more than two percent the amount of obligations~~
 82.18 ~~otherwise authorized to be issued;~~

82.19 ~~(2) the underwriting fee, discount, or other sales or underwriting commission does not~~
 82.20 ~~exceed two percent of the sale price; and~~

82.21 ~~(3) the discount rate necessary to present value total principal and interest payments~~
 82.22 ~~over the term of the issue to the sale price does not exceed the lesser of the maximum rate~~
 82.23 ~~permitted by law for municipal obligations or ten percent. To determine the average annual~~
 82.24 ~~rate of interest on the obligations, any discount shall be added to, and any premium subtracted~~
 82.25 ~~from, the total amount of interest on the obligations to their stated maturity dates.~~

82.26 (c) Any obligation may bear interest at a rate varying periodically at the time or times
 82.27 and on the terms, including convertibility to a fixed rate of interest, determined by the
 82.28 governing body of the municipality, but the rate of interest for any period shall not exceed
 82.29 any maximum rate of interest for the obligations established by law. For purposes of section
 82.30 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term
 82.31 shall be determined as if their rate of interest is the lesser of the maximum rate of interest
 82.32 payable on the obligations in accordance with their terms or the rate estimated for such
 82.33 purpose by the governing body, but if the interest rate is subsequently converted to a fixed
 82.34 rate the levy may be modified to provide at least five percent in excess of amounts necessary

83.1 to pay principal of and interest at the fixed rate on the obligations when due. For purposes
83.2 of computing debt service or interest pursuant to section 475.67, subdivision 12, interest
83.3 throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the
83.4 rate of interest first borne by the bonds. The provisions of this paragraph do not apply to
83.5 general obligations issued by a statutory or home rule charter city with a population of less
83.6 than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are
83.7 not rated A or better, or an equivalent subsequently established rating, by Standard and
83.8 Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating
83.9 agency, except that any statutory or home rule charter city, regardless of population or bond
83.10 rating, may issue variable rate obligations as a participant in a bond pooling program
83.11 established by the League of Minnesota Cities that meets this bond rating requirement.

83.12 Sec. 6. Minnesota Statutes 2020, section 475.58, subdivision 3b, is amended to read:

83.13 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,
83.14 without regard to the election requirement under subdivision 1, issue and sell obligations
83.15 for street reconstruction or bituminous overlays, if the following conditions are met:

83.16 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan
83.17 that describes the street reconstruction or overlay to be financed, the estimated costs, and
83.18 any planned reconstruction or overlay of other streets in the municipality over the next five
83.19 years, and the plan and issuance of the obligations has been approved by a vote of a two-thirds
83.20 majority of the members of the governing body present at the meeting following a public
83.21 hearing for which notice has been published in the official newspaper at least ten days but
83.22 not more than 28 days prior to the hearing; and

83.23 (2) if a petition requesting a vote on the issuance is signed by voters equal to five percent
83.24 of the votes cast in the last municipal general election and is filed with the municipal clerk
83.25 within 30 days of the public hearing, the municipality may issue the bonds only after
83.26 obtaining the approval of a majority of the voters voting on the question of the issuance of
83.27 the obligations. If the municipality elects not to submit the question to the voters, the
83.28 municipality shall not propose the issuance of bonds under this section for the same purpose
83.29 and in the same amount for a period of 365 days from the date of receipt of the petition. If
83.30 the question of issuing the bonds is submitted and not approved by the voters, the provisions
83.31 of section 475.58, subdivision 1a, shall apply.

83.32 (b) Obligations issued under this subdivision are subject to the debt limit of the
83.33 municipality and are not excluded from net debt under section 475.51, subdivision 4.

84.1 (c) For purposes of this subdivision, street reconstruction and bituminous overlays
 84.2 ~~includes~~ include but are not limited to: utility replacement and relocation and other activities
 84.3 incidental to the street reconstruction; the addition or reconstruction of turn lanes, bicycle
 84.4 lanes, sidewalks, paths, and other improvements having a substantial public safety function;;
 84.5 realignments; and other modifications to intersect with state and county roads;; and the local
 84.6 share of state and county road projects. For purposes of this subdivision, "street
 84.7 reconstruction" includes expenditures for street reconstruction that have been incurred by
 84.8 a municipality before approval of a street reconstruction plan, if such expenditures are
 84.9 included in a street reconstruction plan approved on or before the date of the public hearing
 84.10 under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

84.11 (d) Except in the case of turn lanes, bicycle lanes, sidewalks, paths, and other safety
 84.12 improvements; realignments; intersection modifications; and the local share of state and
 84.13 county road projects, street reconstruction and bituminous overlays does not include the
 84.14 portion of project cost allocable to widening a street or adding curbs and gutters where none
 84.15 previously existed.

84.16 Sec. 7. Minnesota Statutes 2020, section 475.60, subdivision 1, is amended to read:

84.17 Subdivision 1. **Advertisement.** All obligations shall be negotiated and sold by the
 84.18 governing body, except when authority therefor is delegated by the governing body or by
 84.19 the charter of the municipality to a board, department, or officers of the municipality. ~~Except~~
 84.20 ~~as provided in section 475.56, obligations shall be sold at not less than par value plus accrued~~
 84.21 ~~interest to date of delivery and not greater than two percent greater than the amount~~
 84.22 ~~authorized to be issued plus accrued interest.~~ Except as provided in subdivision 2 all
 84.23 obligations shall be sold at competitive sale after notice given as provided in subdivision
 84.24 3.

84.25 Sec. 8. Minnesota Statutes 2020, section 475.67, subdivision 8, is amended to read:

84.26 Subd. 8. **Escrow account securities.** Securities purchased for the escrow account shall
 84.27 be limited to:

84.28 (1) general obligations of the United States, securities whose principal and interest
 84.29 payments are guaranteed by the United States including, but not limited to, Resolution
 84.30 Funding Corporation Interest Separate Trading of Registered Interest and Principal of
 84.31 Securities ("STRIPs") and United States Agency for International Development Bonds or
 84.32 STRIPs, and securities issued by ~~the following agencies of the United States: Banks for~~
 84.33 Cooperatives, United States government-sponsored enterprises including, but not limited

85.1 to, Federal Home Loan Banks, ~~Federal Intermediate Credit Banks, Federal Land Banks,~~
85.2 ~~and the Federal Farm Credit System,~~ the Federal National Mortgage Association, or the
85.3 Federal Home Loan Mortgage Corporation; or

85.4 (2) obligations issued or guaranteed by any state or any political subdivision of a state,
85.5 which at the date of purchase are rated in the highest or the next highest rating category by
85.6 Standard and Poor's Corporation, Moody's Investors Service, or a similar nationally
85.7 recognized rating agency, but not less than the rating on the refunded bonds immediately
85.8 prior to the refunding.

85.9 "Rating category," as used in this subdivision, means a generic securities rating category,
85.10 without regard in the case of a long-term rating category to any refinement or gradation of
85.11 such long-term rating category by a numerical modifier or otherwise.

85.12 **Sec. 9. REPEALER.**

85.13 Minnesota Statutes 2020, section 469.055, subdivision 7, is repealed.

85.14 **ARTICLE 7**

85.15 **PARTNERSHIP AUDITS**

85.16 Section 1. Minnesota Statutes 2020, section 270C.445, subdivision 6, is amended to read:

85.17 **Subd. 6. Enforcement; administrative order; penalties; cease and desist.** (a) The
85.18 commissioner may impose an administrative penalty of not more than \$1,000 per violation
85.19 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
85.20 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
85.21 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
85.22 returns electronically to the state, if the commissioner determines the tax preparer engaged
85.23 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
85.24 is subject to the contested case procedure under chapter 14. The commissioner shall collect
85.25 the penalty in the same manner as the income tax. There is no right to make a claim for
85.26 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
85.27 under this paragraph are public data.

85.28 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
85.29 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
85.30 issue an administrative order to the tax preparer requiring the tax preparer to cease and
85.31 desist from committing the violation. The administrative order may include an administrative
85.32 penalty provided in paragraph (a).

86.1 (c) If the commissioner issues an administrative order under paragraph (b), the
86.2 commissioner must send the order to the tax preparer addressed to the last known address
86.3 of the tax preparer.

86.4 (d) A cease and desist order under paragraph (b) must:

86.5 (1) describe the act, conduct, or practice committed and include a reference to the law
86.6 that the act, conduct, or practice violates; and

86.7 (2) provide notice that the tax preparer may request a hearing as provided in this
86.8 subdivision.

86.9 (e) Within 30 days after the commissioner issues an administrative order under paragraph
86.10 (b), the tax preparer may request a hearing to review the commissioner's action. The request
86.11 for hearing must be made in writing and must be served on the commissioner at the address
86.12 specified in the order. The hearing request must specifically state the reasons for seeking
86.13 review of the order. The date on which a request for hearing is served by mail is the postmark
86.14 date on the envelope in which the request for hearing is mailed.

86.15 (f) If a tax preparer does not timely request a hearing regarding an administrative order
86.16 issued under paragraph (b), the order becomes a final order of the commissioner and is not
86.17 subject to review by any court or agency.

86.18 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
86.19 under paragraph (b), the hearing must be commenced within ten days after the commissioner
86.20 receives the request for a hearing.

86.21 (h) A hearing timely requested under paragraph (e) is subject to the contested case
86.22 procedure under chapter 14, as modified by this subdivision. The administrative law judge
86.23 must issue a report containing findings of fact, conclusions of law, and a recommended
86.24 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,
86.25 or the submission of written arguments, whichever is later.

86.26 (i) Within five days of the date of the administrative law judge's report issued under
86.27 paragraph (h), any party aggrieved by the administrative law judge's report may submit
86.28 written exceptions and arguments to the commissioner. Within 15 days after receiving the
86.29 administrative law judge's report, the commissioner must issue an order vacating, modifying,
86.30 or making final the administrative order.

86.31 (j) The commissioner and the tax preparer requesting a hearing may by agreement
86.32 lengthen any time periods prescribed in paragraphs (g) to (i).

87.1 (k) An administrative order issued under paragraph (b) is in effect until it is modified
87.2 or vacated by the commissioner or an appellate court. The administrative hearing provided
87.3 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
87.4 the exclusive remedy for a tax preparer aggrieved by the order.

87.5 (l) The commissioner may impose an administrative penalty, in addition to the penalty
87.6 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
87.7 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
87.8 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
87.9 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
87.10 penalty order. The request for hearing must be made in writing and must be served on the
87.11 commissioner at the address specified in the order. The hearing request must specifically
87.12 state the reasons for seeking review of the order. The cease and desist order issued under
87.13 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
87.14 this paragraph. The date on which a request for hearing is served by mail is the postmark
87.15 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
87.16 timely request a hearing, the penalty order becomes a final order of the commissioner and
87.17 is not subject to review by any court or agency. A penalty imposed by the commissioner
87.18 under this paragraph may be collected and enforced by the commissioner as an income tax
87.19 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
87.20 imposed under this paragraph. A penalty imposed under this paragraph is public data.

87.21 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
87.22 commissioner may terminate the tax preparer's authority to transmit returns electronically
87.23 to the state. Termination under this paragraph is public data.

87.24 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
87.25 order.

87.26 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
87.27 action under this subdivision against a tax preparer, with respect to a return, within the
87.28 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.382.

87.29 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
87.30 a tax preparer under this subdivision, other than with respect to a return, must be taken by
87.31 the commissioner within five years of the violation of statute.

87.32 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
87.33 after December 31, 2017, except that for partnerships that make an election under Code of

88.1 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
88.2 and applies to the same tax periods to which the election relates.

88.3 Sec. 2. Minnesota Statutes 2020, section 289A.31, subdivision 1, is amended to read:

88.4 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**
88.5 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining
88.6 company, and corporate franchise taxes, and interest and penalties, must be paid by the
88.7 taxpayer upon whom the tax is imposed, except in the following cases:

88.8 (1) the tax due from a decedent for that part of the taxable year in which the decedent
88.9 died during which the decedent was alive and the taxes, interest, and penalty due for the
88.10 prior years must be paid by the decedent's personal representative, if any. If there is no
88.11 personal representative, the taxes, interest, and penalty must be paid by the transferees, as
88.12 defined in section 270C.58, subdivision 3, to the extent they receive property from the
88.13 decedent;

88.14 (2) the tax due from an infant or other incompetent person must be paid by the person's
88.15 guardian or other person authorized or permitted by law to act for the person;

88.16 (3) the tax due from the estate of a decedent must be paid by the estate's personal
88.17 representative;

88.18 (4) the tax due from a trust, including those within the definition of a corporation, as
88.19 defined in section 290.01, subdivision 4, must be paid by a trustee; and

88.20 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,
88.21 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge
88.22 of the business or property so far as the tax is due to the income from the business or property.

88.23 (b) Entertainment taxes are the joint and several liability of the entertainer and the
88.24 entertainment entity. The payor is liable to the state for the payment of the tax required to
88.25 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the
88.26 entertainer for the amount of the payment.

88.27 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.382, subdivision
88.28 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the
88.29 general partners.

88.30 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
88.31 after December 31, 2017, except that for partnerships that make an election under Code of

89.1 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
89.2 and applies to the same tax periods to which the election relates.

89.3 Sec. 3. Minnesota Statutes 2020, section 289A.37, subdivision 2, is amended to read:

89.4 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous
89.5 refund occurs when the commissioner issues a payment to a person that exceeds the amount
89.6 the person is entitled to receive under law. An erroneous refund is considered an
89.7 underpayment of tax on the date issued.

89.8 (b) To the extent that the amount paid does not exceed the amount claimed by the
89.9 taxpayer, an erroneous refund does not include the following:

89.10 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
89.11 taxpayer, including but not limited to refunds of claims made under section 290.06,
89.12 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
89.13 290.0681; or 290.0692; or chapter 290A; or

89.14 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a
89.15 taxpayer.

89.16 (c) The commissioner may make an assessment to recover an erroneous refund at any
89.17 time within two years from the issuance of the erroneous refund. If all or part of the erroneous
89.18 refund was induced by fraud or misrepresentation of a material fact, the assessment may
89.19 be made at any time.

89.20 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
89.21 conducted under ~~section~~ sections 289A.38 to 289A.382.

89.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
89.23 after December 31, 2017, except that for partnerships that make an election under Code of
89.24 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
89.25 and applies to the same tax periods to which the election relates.

89.26 Sec. 4. Minnesota Statutes 2020, section 289A.38, subdivision 7, is amended to read:

89.27 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
89.28 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
89.29 period, as reported to the Internal Revenue Service is changed or corrected by the
89.30 commissioner of Internal Revenue or other officer of the United States or other competent
89.31 authority, or where a renegotiation of a contract or subcontract with the United States results
89.32 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,

90.1 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
 90.2 report the ~~change or correction or renegotiation results~~ federal adjustments in writing to the
 90.3 commissioner. The federal adjustments report must be submitted within 180 days after the
 90.4 final determination date and must be in the form of either an amended Minnesota estate,
 90.5 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of
 90.6 the federal ~~determination~~ adjustment or a letter detailing how the federal ~~determination~~
 90.7 adjustment is incorrect or does not change the Minnesota tax. An amended Minnesota
 90.8 income tax return must be accompanied by an amended property tax refund return, if
 90.9 necessary. A taxpayer filing an amended federal tax return must also file a copy of the
 90.10 amended return with the commissioner of revenue within 180 days after filing the amended
 90.11 return.

90.12 (b) ~~For the purposes of paragraph (a), a change or correction includes any case where a~~
 90.13 ~~taxpayer reaches a closing agreement or compromise with the Internal Revenue Service~~
 90.14 ~~under section 7121 or 7122 of the Internal Revenue Code. In the case of a final federal~~
 90.15 ~~adjustment arising from a partnership-level audit or an administrative adjustment request~~
 90.16 ~~filed by a partnership under section 6227 of the Internal Revenue Code, a taxpayer must~~
 90.17 ~~report adjustments as provided for under section 289A.382, and not this section.~~

90.18 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 90.19 after December 31, 2017, except that for partnerships that make an election under Code of
 90.20 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 90.21 and applies to the same tax periods to which the election relates.

90.22 Sec. 5. Minnesota Statutes 2020, section 289A.38, subdivision 8, is amended to read:

90.23 Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails
 90.24 to make a federal adjustments report as required by subdivision 7 or section 289A.382, the
 90.25 commissioner may recompute the tax, including a refund, based on information available
 90.26 to the commissioner. The tax may be recomputed within six years after the federal
 90.27 adjustments report should have been filed, notwithstanding any period of limitations to the
 90.28 contrary.

90.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 90.30 after December 31, 2017, except that for partnerships that make an election under Code of
 90.31 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 90.32 and applies to the same tax periods to which the election relates.

91.1 Sec. 6. Minnesota Statutes 2020, section 289A.38, subdivision 9, is amended to read:

91.2 Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is
91.3 required to make a federal adjustments report under subdivision 7 or section 289A.382, and
91.4 does report the change or files a copy of the amended return, the commissioner may
91.5 recompute and reassess the tax due, including a refund (1) within one year after the federal
91.6 adjustments report or amended return is filed with the commissioner, notwithstanding any
91.7 period of limitations to the contrary, or (2) within any other applicable period stated in this
91.8 section, whichever period is longer. The period provided for the carryback of any amount
91.9 of loss or credit is also extended as provided in this subdivision, notwithstanding any law
91.10 to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but
91.11 for this subdivision, the commissioner's time period to adjust the tax has expired, the
91.12 additional tax due or refund is limited to only those changes that are required to be made
91.13 to the return which relate to the changes made on the federal return. This subdivision does
91.14 not apply to sales and use tax.

91.15 For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is
91.16 the physical presence of examiners in the taxpayer's or taxpayer's representative's office
91.17 conducting an examination of the taxpayer with the intention of issuing an assessment or
91.18 notice of change in tax or which results in the issuing of an assessment or notice of change
91.19 in tax. The examination may include inspecting a taxpayer's place of business, tangible
91.20 personal property, equipment, computer systems and facilities, pertinent books, records,
91.21 papers, vouchers, computer printouts, accounts, and documents.

91.22 A taxpayer may make estimated payments to the commissioner of the tax expected to
91.23 result from a pending audit by the Internal Revenue Service. The taxpayer may make
91.24 estimated payments prior to the due date of the federal adjustments report without the
91.25 taxpayer having to file the report with the commissioner. The commissioner must credit the
91.26 estimated tax payments against any tax liability of the taxpayer ultimately found to be due
91.27 to the commissioner. The estimated payments limit the accrual of further statutory interest
91.28 on that amount. If the estimated tax payments exceed the final tax liability plus statutory
91.29 interest ultimately determined to be due, the taxpayer is entitled to a refund or credit for the
91.30 excess, provided the taxpayer files a federal adjustments report, or claim for refund or credit
91.31 of tax, no later than one year following the final determination date.

91.32 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
91.33 after December 31, 2017, except that for partnerships that make an election under Code of
91.34 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
91.35 and applies to the same tax periods to which the election relates.

92.1 Sec. 7. Minnesota Statutes 2020, section 289A.38, subdivision 10, is amended to read:

92.2 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding
92.3 any other provision of this chapter, if a taxpayer whose net income is determined under
92.4 section 290.01, subdivision 19, omits from income an amount that will under the Internal
92.5 Revenue Code extend the statute of limitations for the assessment of federal income taxes,
92.6 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting
92.7 in adjustments by the Internal Revenue Service, then the period of assessment and
92.8 determination of tax will be that under the Internal Revenue Code. When a change is made
92.9 to federal income during the extended time provided under this subdivision, the provisions
92.10 under subdivisions 7 to 9 and section 289A.382 regarding additional extensions apply.

92.11 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
92.12 after December 31, 2017, except that for partnerships that make an election under Code of
92.13 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
92.14 and applies to the same tax periods to which the election relates.

92.15 Sec. 8. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

92.16 **Subdivision 1. Definitions relating to federal adjustments.** Unless otherwise specified,
92.17 the definitions in this section apply for the purposes of sections 289A.38, subdivisions 7 to
92.18 9, 289A.381, and 289A.382.

92.19 **Subd. 2. Administrative adjustment request.** "Administrative adjustment request"
92.20 means an administrative adjustment request filed by a partnership under section 6227 of
92.21 the Internal Revenue Code.

92.22 **Subd. 3. Audited partnership.** "Audited partnership" means a partnership subject to a
92.23 federal adjustment resulting from a partnership-level audit.

92.24 **Subd. 4. Corporate partner.** "Corporate partner" means a partner that is subject to tax
92.25 under section 290.02.

92.26 **Subd. 5. Direct partner.** "Direct partner" means a partner that holds an immediate legal
92.27 ownership interest in a partnership or pass-through entity.

92.28 **Subd. 6. Exempt partner.** "Exempt partner" means a partner that is exempt from taxes
92.29 on its net income under section 290.05, subdivision 1.

92.30 **Subd. 7. Federal adjustment.** "Federal adjustment" means any change in an amount
92.31 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
92.32 item of preference, or any other item that is used by a taxpayer to compute a tax administered

93.1 under this chapter for the reviewed year whether that change results from action by the
93.2 Internal Revenue Service or other competent authority, including a partnership-level audit,
93.3 or from the filing of an amended federal return, federal refund claim, or an administrative
93.4 adjustment request by the taxpayer.

93.5 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method
93.6 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,
93.7 including an amended Minnesota tax return or a uniform multistate report.

93.8 Subd. 9. **Federal partnership representative.** "Federal partnership representative"
93.9 means the person the partnership designates for the taxable year as the partnership's
93.10 representative, or the person the Internal Revenue Service has appointed to act as the
93.11 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

93.12 Subd. 10. **Final determination date.** "Final determination date" means:

93.13 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or
93.14 other competent authority, the first day on which no federal adjustment arising from that
93.15 audit remains to be finally determined, whether by agreement, or, if appealed or contested,
93.16 by a final decision with respect to which all rights of appeal have been waived or exhausted;

93.17 (2) for a federal adjustment arising from an audit or other action by the Internal Revenue
93.18 Service or other competent authority, if the taxpayer filed as a member of a combined report
93.19 under section 290.17, subdivision 4, the first day on which no related federal adjustments
93.20 arising from that audit remain to be finally determined as described in clause (1) for the
93.21 entire combined group;

93.22 (3) for a federal adjustment arising from the filing of an amended federal return, a federal
93.23 refund claim, or the filing by a partnership of an administrative adjustment request, the date
93.24 on which the amended return, refund claim, or administrative adjustment request was filed;
93.25 or

93.26 (4) for agreements required to be signed by the Internal Revenue Service and the taxpayer,
93.27 the date on which the last party signed the agreement.

93.28 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
93.29 adjustment after the final determination date for that federal adjustment has passed.

93.30 Subd. 12. **Indirect partner.** "Indirect partner" means either:

93.31 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal
93.32 ownership interest in another partnership or pass-through entity; or

94.1 (2) a partner in a partnership or pass-through entity that holds an indirect interest in
94.2 another partnership or pass-through entity through another indirect partner.

94.3 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly
94.4 in a partnership or other pass-through entity.

94.5 Subd. 14. **Partnership.** "Partnership" has the meaning provided under section 7701(a)(2)
94.6 of the Internal Revenue Code.

94.7 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by
94.8 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,
94.9 subchapter C, of the Internal Revenue Code, which results in federal adjustments and
94.10 adjustments to partnership-related items.

94.11 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a
94.12 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through
94.13 entity includes but is not limited to S corporations, estates, and trusts other than grantor
94.14 trusts.

94.15 Subd. 17. **Resident partner.** "Resident partner" means an individual, trust, or estate
94.16 partner who is a resident of Minnesota under section 290.01, subdivision 7, 7a, or 7b, for
94.17 the relevant tax period.

94.18 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that
94.19 is subject to a partnership-level audit from which federal adjustments arise.

94.20 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or
94.21 pass-through entity.

94.22 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"
94.23 has the meaning provided under section 512 of the Internal Revenue Code.

94.24 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
94.25 after December 31, 2017, except that for partnerships that make an election under Code of
94.26 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
94.27 and applies to the same tax periods to which the election relates.

94.28 Sec. 9. **[289A.382] REPORTING AND PAYMENT REQUIREMENTS.**

94.29 Subdivision 1. **State partnership representative.** (a) With respect to an action required
94.30 or permitted to be taken by a partnership under this section, or in a proceeding under section
94.31 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the

95.1 sole authority to act on behalf of the partnership, and its direct partners and indirect partners
95.2 shall be bound by those actions.

95.3 (b) The state partnership representative for the reviewed year is the partnership's federal
95.4 partnership representative unless the partnership, in a form and manner prescribed by the
95.5 commissioner, designates another person as its state partnership representative.

95.6 **Subd. 2. Reporting and payment requirements for partnerships and tiered**
95.7 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,
95.8 or for adjustments required to be reported for federal purposes pursuant to section 6225(a)(2)
95.9 of the Internal Revenue Code, all final federal adjustments of an audited partnership must
95.10 comply with paragraph (b) and each direct partner of the audited partnership, other than a
95.11 tiered partner, must comply with paragraph (c).

95.12 (b) No later than 90 days after the final determination date, the audited partnership must:

95.13 (1) file a completed federal adjustments report, including all partner-level information
95.14 required under section 289A.12, subdivision 3, with the commissioner;

95.15 (2) notify each of its direct partners of their distributive share of the final federal
95.16 adjustments;

95.17 (3) file an amended composite report for all direct partners who were included in a
95.18 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
95.19 additional amount that would have been due had the federal adjustments been reported
95.20 properly as required; and

95.21 (4) file amended withholding reports for all direct partners who were or should have
95.22 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
95.23 year, and pay the additional amount that would have been due had the federal adjustments
95.24 been reported properly as required.

95.25 (c) No later than 180 days after the final determination date, each direct partner, other
95.26 than a tiered partner, that is subject to a tax administered under this chapter, other than the
95.27 sales tax, must:

95.28 (1) file a federal adjustments report reporting their distributive share of the adjustments
95.29 reported to them under paragraph (b), clause (2); and

95.30 (2) pay any additional amount of tax due as if the final federal adjustment had been
95.31 properly reported, plus any penalty and interest due under this chapter, and less any credit
95.32 for related amounts paid or withheld and remitted on behalf of the direct partner under
95.33 paragraph (b), clauses (3) and (4).

96.1 Subd. 3. Election; partnership or tiered partners pay. (a) An audited partnership may
96.2 make an election under this subdivision to pay its assessment at the entity level. If an audited
96.3 partnership makes an election to pay its assessment at the entity level it must:

96.4 (1) no later than 90 days after the final determination date:

96.5 (i) file a completed federal adjustments report, which includes the residency information
96.6 for all individual, trust, and estate direct partners and information pertaining to all other
96.7 direct partners as prescribed by the commissioner; and

96.8 (ii) notify the commissioner that it is making the election under this subdivision; and

96.9 (2) no later than 180 days after the final determination date, pay an amount, determined
96.10 as follows, in lieu of taxes on partners:

96.11 (i) exclude from final federal adjustments the distributive share of these adjustments
96.12 made to a direct exempt partner that is not unrelated business taxable income;

96.13 (ii) exclude from final federal adjustments the distributive share of these adjustments
96.14 made to a direct partner that has filed a federal adjustments report and paid the applicable
96.15 tax, as required under subdivision 2, for the distributive share of adjustments reported on a
96.16 federal return under section 6225(c) of the Internal Revenue Code;

96.17 (iii) assign and apportion at the partnership level using sections 290.17 to 290.20 the
96.18 total distributive share of the remaining final federal adjustments for the reviewed year
96.19 attributed to direct corporate partners and direct exempt partners; multiply the total by the
96.20 highest tax rate in section 290.06, subdivision 1, for the reviewed year; and calculate interest
96.21 and penalties as applicable under this chapter;

96.22 (iv) allocate at the partnership level using section 290.17, subdivision 1, the total
96.23 distributive share of all final federal adjustments attributable to individual resident direct
96.24 partners for the reviewed year; multiply the total by the highest tax rate in section 290.06,
96.25 subdivision 2c, for the reviewed year; and calculate interest and penalties as applicable
96.26 under this chapter;

96.27 (v) assign and apportion at the partnership level using sections 290.17 to 290.20 the total
96.28 distributive share of the remaining final federal adjustments attributable to nonresident
96.29 individual direct partners and direct partners who are an estate or a trust for the reviewed
96.30 year; multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the
96.31 reviewed year; and calculate interest and penalties as applicable under this chapter;

96.32 (vi) for the total distributive share of the remaining final federal adjustments reported
96.33 to tiered partners:

97.1 (A) determine the amount of the adjustments that would be assigned using section 290.17,
97.2 subdivision 2, paragraphs (a) to (d), excluding income or gains from intangible personal
97.3 property not employed in the business of the recipient of the income or gains if the recipient
97.4 of the income or gains is a resident of this state or is a resident trust or estate under section
97.5 290.17, subdivision 2, paragraph (c), or apportioned using sections 290.17, subdivision 3,
97.6 290.191, and 290.20; and then determine the portion of the amount that would be allocated
97.7 to this state;

97.8 (B) determine the amount of the adjustments that are fully sourced to the taxpayer's state
97.9 of residency under section 290.17, subdivision 2, paragraph (e), and income or gains from
97.10 intangible personal property not employed in the business of the recipient of the income or
97.11 gains if the recipient of the income or gains is a resident of this state or is a resident trust
97.12 or estate under section 290.17, subdivision 2, paragraph (c);

97.13 (C) determine the portion of the amount determined in subitem (B) that can be established
97.14 to be properly allocable to nonresident indirect partners or other partners not subject to tax
97.15 on the adjustments; and

97.16 (D) multiply the total of the amounts determined in subitems (A) and (B) reduced by
97.17 the amount determined in subitem (C) by the highest tax rate in section 290.06, subdivision
97.18 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter;
97.19 and

97.20 (vii) add the amounts determined in items (iii) to (vi), and pay all applicable taxes,
97.21 penalties, and interest to the commissioner.

97.22 (b) An audited partnership may not make an election under this subdivision to report:

97.23 (1) a federal adjustment that results in unitary business income to a corporate partner
97.24 required to file as a member of a combined report under section 290.17, subdivision 4; or

97.25 (2) any final federal adjustments resulting from an administrative adjustment request.

97.26 (c) An audited partnership not otherwise subject to any reporting or payment obligation
97.27 to this state may not make an election under this subdivision.

97.28 Subd. 4. **Tiered partners and indirect partners.** The direct and indirect partners of an
97.29 audited partnership that are tiered partners, and all the partners of the tiered partners, that
97.30 are subject to tax under chapter 290 are subject to the reporting and payment requirements
97.31 contained in subdivision 2, and the tiered partners are entitled to make the elections provided
97.32 in subdivision 3. The tiered partners or their partners shall make required reports and

98.1 payments no later than 90 days after the time for filing and furnishing of statements to tiered
98.2 partners and their partners as established under section 6226 of the Internal Revenue Code.

98.3 **Subd. 5. Effects of election by partnership or tiered partner and payment of amount**
98.4 **due. (a) Unless the commissioner determines otherwise, an election under subdivision 3 is**
98.5 **irrevocable.**

98.6 **(b) If an audited partnership or tiered partner properly reports and pays an amount**
98.7 **determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by**
98.8 **the partnership's direct partners and indirect partners, to the extent applicable, on the same**
98.9 **final federal adjustments. The direct partners or indirect partners of the partnership who are**
98.10 **not resident partners may not take any deduction or credit for this amount or claim a refund**
98.11 **of the amount in this state.**

98.12 **(c) Nothing in this subdivision precludes resident direct partners from claiming a credit**
98.13 **against taxes paid under section 290.06 on any amounts paid by the audited partnership or**
98.14 **tiered partners on the resident partner's behalf to another state or local tax jurisdiction.**

98.15 **Subd. 6. Failure of partnership or tiered partner to report or pay. Nothing in this**
98.16 **section prevents the commissioner from assessing direct partners or indirect partners for**
98.17 **taxes they owe, using the best information available, in the event that, for any reason, a**
98.18 **partnership or tiered partner fails to timely make any report or payment required by this**
98.19 **section.**

98.20 **EFFECTIVE DATE. This section is effective retroactively for taxable years beginning**
98.21 **after December 31, 2017, except that for partnerships that make an election under Code of**
98.22 **Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively**
98.23 **and applies to the same tax periods to which the election relates.**

98.24 Sec. 10. Minnesota Statutes 2020, section 289A.42, is amended to read:

98.25 **289A.42 CONSENT TO EXTEND STATUTE.**

98.26 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in
98.27 sections 289A.38 to 289A.382 and 289A.40 for the assessment of tax or the filing of a claim
98.28 for refund, both the commissioner and the taxpayer have consented in writing to the
98.29 assessment or filing of a claim for refund after that time, the tax may be assessed or the
98.30 claim for refund filed at any time before the expiration of the agreed-upon period. The
98.31 period may be extended by later agreements in writing before the expiration of the period
98.32 previously agreed upon. The taxpayer and the commissioner may also agree to extend the
98.33 period for collection of the tax.

99.1 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the
99.2 assessment of federal withholding or income taxes, the period in which the commissioner
99.3 may recompute the tax is also extended, notwithstanding any period of limitations to the
99.4 contrary, as follows:

99.5 (1) for the periods provided in ~~section~~ sections 289A.38, subdivisions 8 and 9, and
99.6 289A.382, subdivisions 2 and 3;

99.7 (2) for six months following the expiration of the extended federal period of limitations
99.8 when no change is made by the federal authority. If no change is made by the federal
99.9 authority, and, but for this subdivision, the commissioner's time period to adjust the tax has
99.10 expired, and if the commissioner has completed a field audit of the taxpayer, no additional
99.11 changes resulting in additional tax due or a refund may be made. For purposes of this
99.12 subdivision, "field audit" has the meaning given ~~it~~ in section 289A.38, subdivision 9.

99.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
99.14 after December 31, 2017, except that for partnerships that make an election under Code of
99.15 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
99.16 and applies to the same tax periods to which the election relates.

99.17 Sec. 11. Minnesota Statutes 2020, section 289A.60, subdivision 24, is amended to read:

99.18 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to
99.19 the commissioner a change or correction of the person's federal return in the manner and
99.20 time prescribed in ~~section~~ sections 289A.38, subdivision 7, and 289A.382, there must be
99.21 added to the tax an amount equal to ten percent of the amount of any underpayment of
99.22 Minnesota tax attributable to the federal change.

99.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
99.24 after December 31, 2017, except that for partnerships that make an election under Code of
99.25 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
99.26 and applies to the same tax periods to which the election relates.

99.27 Sec. 12. Minnesota Statutes 2020, section 290.31, subdivision 1, is amended to read:

99.28 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
99.29 ~~section~~ sections 289A.35, paragraph (b), and 289A.382, subdivision 3, a partnership as such
99.30 shall not be subject to the income tax imposed by this chapter, but is subject to the tax
99.31 imposed under section 290.0922. Persons carrying on business as partners shall be liable
99.32 for income tax only in their separate or individual capacities.

100.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
100.2 after December 31, 2017, except that for partnerships that make an election under Code of
100.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
100.4 and applies to the same tax periods to which the election relates.

100.5 Sec. 13. Minnesota Statutes 2020, section 297F.17, subdivision 6, is amended to read:

100.6 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the
100.7 commissioner during the one-year period beginning with the timely filing of the taxpayer's
100.8 federal income tax return containing the bad debt deduction that is being claimed. Claimants
100.9 under this subdivision are subject to the notice requirements of ~~section~~ sections 289A.38,
100.10 subdivision 7, and 289A.382.

100.11 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
100.12 after December 31, 2017, except that for partnerships that make an election under Code of
100.13 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
100.14 and applies to the same tax periods to which the election relates.

100.15 Sec. 14. Minnesota Statutes 2020, section 297G.16, subdivision 7, is amended to read:

100.16 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with
100.17 the commissioner within one year of the filing of the taxpayer's income tax return containing
100.18 the bad debt deduction that is being claimed. Claimants under this subdivision are subject
100.19 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.382.

100.20 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
100.21 after December 31, 2017, except that for partnerships that make an election under Code of
100.22 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
100.23 and applies to the same tax periods to which the election relates.

100.24 Sec. 15. Minnesota Statutes 2020, section 469.319, subdivision 4, is amended to read:

100.25 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter
100.26 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an
100.27 amended return with the commissioner of revenue and pay any taxes required to be repaid
100.28 within 30 days after becoming subject to repayment under this section. The amount required
100.29 to be repaid is determined by calculating the tax for the period or periods for which repayment
100.30 is required without regard to the exemptions and credits allowed under section 469.315.

101.1 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any
101.2 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of
101.3 revenue, within 30 days after becoming subject to repayment under this section.

101.4 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement
101.5 for the business, applying the applicable tax extension rates for each payable year and
101.6 provide a copy to the business and to the taxpayer of record. The business must pay the
101.7 taxes to the county treasurer within 30 days after receipt of the tax statement. The business
101.8 or the taxpayer of record may appeal the valuation and determination of the property tax to
101.9 the Tax Court within 30 days after receipt of the tax statement.

101.10 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority
101.11 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment
101.12 required under paragraphs (a) and (b). The commissioner may impose civil penalties as
101.13 provided in chapter 289A, and the additional tax and penalties are subject to interest at the
101.14 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after
101.15 becoming subject to repayment under this section until the date the tax is paid. Any penalty
101.16 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,
101.17 subdivision 3, to the date of payment of the penalty.

101.18 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the
101.19 amount required to be repaid to the property taxes assessed against the property for payment
101.20 in the year following the year in which the auditor provided the statement under paragraph
101.21 (c).

101.22 (f) For determining the tax required to be repaid, a reduction of a state or local sales or
101.23 use tax is deemed to have been received on the date that the good or service was purchased
101.24 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit
101.25 payable under section 469.318, a reduction of tax is deemed to have been received for the
101.26 two most recent tax years that have ended prior to the date that the business became subject
101.27 to repayment under this section. In the case of a property tax, a reduction of tax is deemed
101.28 to have been received for the taxes payable in the year that the business became subject to
101.29 repayment under this section and for the taxes payable in the prior year.

101.30 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time
101.31 within two years after the business becomes subject to repayment under subdivision 1, or
101.32 within any period of limitations for the assessment of tax under ~~section~~ sections 289A.38
101.33 to 289A.382, whichever period is later. The county auditor may send the statement under

102.1 paragraph (c) any time within three years after the business becomes subject to repayment
102.2 under subdivision 1.

102.3 (h) A business is not entitled to any income tax or franchise tax benefits, including
102.4 refundable credits, for any part of the year in which the business becomes subject to
102.5 repayment under this section nor for any year thereafter. Property is not exempt from tax
102.6 under section 272.02, subdivision 64, for any taxes payable in the year following the year
102.7 in which the property became subject to repayment under this section nor for any year
102.8 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
102.9 services purchased or first put to a taxable use on the day that the business becomes subject
102.10 to repayment under this section.

102.11 EFFECTIVE DATE. This section is effective retroactively for taxable years beginning
102.12 after December 31, 2017, except that for partnerships that make an election under Code of
102.13 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
102.14 and applies to the same tax periods to which the election relates.

102.15 ARTICLE 8

102.16 LOCAL SALES TAXES

102.17 Section 1. Laws 2019, First Special Session chapter 6, article 6, section 27, is amended
102.18 to read:

102.19 **Sec. 27. CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

102.20 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,
102.21 section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved
102.22 by voters at ~~the November 3, 2020, a general election,~~ or at a special election held before
102.23 ~~November 3, 2020~~ pursuant to a resolution adopted by its governing body, the city of Sartell
102.24 may, by ordinance, impose a sales tax of up to 1-1/2 percent on the gross receipts of all food
102.25 and beverages sold by a restaurant or place of refreshment, as defined by ordinance of the
102.26 city, that is located within the city. For purposes of this section, "food and beverages" include
102.27 retail on-sale of intoxicating liquor and fermented malt beverages.

102.28 Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed
102.29 under subdivision 1 must be used by the city to fund capital or operational costs for new
102.30 and existing recreational facilities and related amenities within the city. Authorized expenses
102.31 include securing or paying debt service on bonds or other obligations issued to finance
102.32 construction and improvement projects.

103.1 ~~Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires five years~~
103.2 ~~after the tax is first imposed.~~

103.3 Subd. 4. **Collection, administration, and enforcement.** The city may enter into an
103.4 agreement with the commissioner of revenue to administer, collect, and enforce the taxes
103.5 under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota
103.6 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and
103.7 enforcement apply.

103.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
103.9 city of Sartell and its chief clerical officer comply with Minnesota Statutes, section 645.021,
103.10 subdivisions 2 and 3.

103.11 Sec. 2. **CARLTON COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

103.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
103.13 sections 477A.016 and 297A.99, subdivision 2, paragraph (b), or any other law or ordinance,
103.14 and if approved by the voters at a general election as required under Minnesota Statutes,
103.15 section 297A.99, subdivision 3, Carlton County may impose, by ordinance, a sales and use
103.16 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
103.17 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
103.18 imposition, administration, collection, and enforcement of the tax authorized under this
103.19 subdivision.

103.20 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
103.21 under subdivision 1 must be used by Carlton County to pay the costs of collecting and
103.22 administering the tax, and to finance up to \$60,000,000 for the construction of a new law
103.23 enforcement center and jail serving a regional female offender program. Authorized costs
103.24 include related parking, design, construction, reconstruction, mechanical upgrades, and
103.25 engineering costs, as well as the associated bond costs for any bonds issued under subdivision
103.26 3.

103.27 Subd. 3. **Bonding authority.** (a) Carlton County may issue bonds under Minnesota
103.28 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
103.29 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
103.30 not exceed \$60,000,000, plus an amount applied to the payment of costs of issuing the
103.31 bonds. The bonds may be paid from or secured by any funds available to the county,
103.32 including the tax authorized under subdivision 1. The issuance of bonds under this
103.33 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

104.1 (b) The bonds are not included in computing any debt limitation applicable to the county.
104.2 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
104.3 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
104.4 under Minnesota Statutes, section 475.58, is not required.

104.5 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
104.6 earlier of: (1) 30 years after the tax is first imposed; or (2) when the county determines that
104.7 it has received from this tax \$60,000,000 to fund the project listed in subdivision 2, plus an
104.8 amount sufficient to pay costs, including interest costs, related to the issuance of the bonds
104.9 authorized in subdivision 3. Except as otherwise provided in Minnesota Statutes, section
104.10 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed
104.11 costs due to timing of the termination of the tax under Minnesota Statutes, section 297A.99,
104.12 subdivision 12, shall be placed in the county's general fund. The tax imposed under
104.13 subdivision 1 may expire at an earlier time if the county determines by ordinance.

104.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of
104.15 Carlton County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
104.16 subdivisions 2 and 3.

104.17 Sec. 3. **CITY OF CLOQUET; TAXES AUTHORIZED.**

104.18 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
104.19 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
104.20 and if approved by the voters at a general election as required under Minnesota Statutes,
104.21 section 297A.99, subdivision 3, the city of Cloquet may impose by ordinance a sales and
104.22 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
104.23 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
104.24 govern the imposition, administration, collection, and enforcement of the tax authorized
104.25 under this subdivision. The tax imposed under this subdivision is in addition to any local
104.26 sales and use tax imposed under any other special law.

104.27 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
104.28 under subdivision 1 must be used by the city of Cloquet to pay the costs of collecting and
104.29 administering the tax and the capital and administrative costs of any or all of the projects
104.30 listed in this subdivision. The amount spent on each project is limited to the amount set
104.31 forth below plus an amount equal to interest on and the costs of issuing any bonds:

104.32 (1) construction, reconstruction, expansion, or improvement related to the Pine Valley
104.33 Regional Park Project, including ski jump repairs, chalet replacement, and parking and
104.34 lighting improvements, in an amount not to exceed \$2,124,700; and

105.1 (2) restoration, repair, and upgrading of the Cloquet Ice Arena in an amount not to exceed
105.2 \$6,025,500.

105.3 Subd. 3. **Bonding authority.** (a) The city of Cloquet may issue bonds under Minnesota
105.4 Statutes, chapter 475, to finance up to \$8,150,200 of the portion of the costs of the facilities
105.5 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
105.6 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
105.7 issued under this subdivision may not exceed \$8,150,200 plus an amount to be applied to
105.8 the payment of the costs of issuing the bonds. The bonds may be paid from or secured by
105.9 any funds available to the city of Cloquet, including the tax authorized under subdivision
105.10 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections
105.11 275.60 and 275.61.

105.12 (b) The bonds are not included in computing any debt limitation applicable to the city
105.13 of Cloquet, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
105.14 and interest on the bonds is not subject to any levy limitation. A separate election to approve
105.15 the bonds under Minnesota Statutes, section 475.58, is not required.

105.16 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
105.17 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 10 years
105.18 after the tax is first imposed, or (2) when the city council determines that the amount received
105.19 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
105.20 projects approved by voters as required under Minnesota Statutes, section 297A.99,
105.21 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
105.22 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
105.23 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
105.24 any funds remaining after payment of the allowed costs due to the timing of the termination
105.25 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
105.26 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
105.27 if the city so determines by ordinance.

105.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
105.29 city of Cloquet and its chief clerical officer comply with Minnesota Statutes, section 645.021,
105.30 subdivisions 2 and 3.

105.31 Sec. 4. **CITY OF CROSSLAKE; TAX AUTHORIZED.**

105.32 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
105.33 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
105.34 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,

106.1 the city of Crosslake may impose, by ordinance, a sales and use tax of one-half of one
106.2 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
106.3 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
106.4 administration, collection, and enforcement of the tax authorized under this subdivision.

106.5 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
106.6 under subdivision 1 must be used by the city of Crosslake to pay the costs of collecting and
106.7 administering the tax and paying for the following projects in the city, including securing
106.8 and paying debt service on bonds issued to finance all or part of the following projects:

106.9 (1) \$2,000,000 plus associated bonding costs for modifications to a bio-solids treatment
106.10 facility;

106.11 (2) \$1,600,000 plus associated bonding costs for expansion of sewer service to the CSAH
106.12 66/Moonlight Service Area; and

106.13 (3) \$2,400,000 plus associated bonding costs for expansion of sewer service to the
106.14 Daggett Lake Service Area.

106.15 Subd. 3. **Bonding authority.** (a) The city of Crosslake may issue bonds under Minnesota
106.16 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
106.17 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
106.18 not exceed: (1) \$2,000,000 for the project listed in subdivision 2, clause (1), plus an amount
106.19 applied to the payment of costs of issuing the bonds; (2) \$1,600,000 for the projects listed
106.20 in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing the
106.21 bonds; and (3) \$2,400,000 for the project listed in subdivision 2, clause (3), plus an amount
106.22 applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured
106.23 by any funds available to the city of Crosslake, including the tax authorized under subdivision
106.24 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections
106.25 275.60 and 275.61.

106.26 (b) The bonds are not included in computing any debt limitation applicable to the city.
106.27 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
106.28 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
106.29 under Minnesota Statutes, section 475.58, is not required.

106.30 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
106.31 earlier of: (1) 15 years after the tax is first imposed; or (2) when the city council determines
106.32 that the amount received from the tax is sufficient to pay for the project costs authorized
106.33 under subdivision 2, for the projects approved by the voters as required under Minnesota
106.34 Statutes, section 297A.99, subdivision 3, plus an amount sufficient to pay costs, including

107.1 interest costs, related to the issuance of the bonds authorized in subdivision 3. Any funds
107.2 remaining after payment of the allowed costs due to timing of the termination under
107.3 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax
107.4 imposed under subdivision 1 may expire at an earlier time if the city so determines by
107.5 ordinance.

107.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
107.7 city of Crosslake and its chief clerical officer comply with Minnesota Statutes, section
107.8 645.021, subdivisions 2 and 3.

107.9 Sec. 5. **CITY OF EDINA; TAXES AUTHORIZED.**

107.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
107.11 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
107.12 and if approved by the voters at a general election as required under Minnesota Statutes,
107.13 section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use
107.14 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
107.15 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
107.16 imposition, administration, collection, and enforcement of the tax authorized under this
107.17 subdivision. The tax imposed under this subdivision is in addition to any local sales and
107.18 use tax imposed under any other special law.

107.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
107.20 under subdivision 1 must be used by the city of Edina to pay the costs of collecting and
107.21 administering the tax and paying for the following projects in the city, including securing
107.22 and paying debt service on bonds issued to finance all or part of the following projects:

107.23 (1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park
107.24 as identified in the Fred Richards Park Master Plan;

107.25 (2) \$21,600,000 plus associated bonding costs for improvements to Braemar Park as
107.26 identified in the Braemar Park Master Plan; and

107.27 (3) \$2,000,000 plus associated bonding costs for developing park amenities, including
107.28 recreation and open space areas, and storm water facilities, at Weber Woods Park.

107.29 Subd. 3. **Bonding authority.** (a) The city of Edina may issue bonds under Minnesota
107.30 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
107.31 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
107.32 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
107.33 under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision

108.1 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;
108.2 (2) \$21,600,000 for the project listed in subdivision 2, clause (2), plus an amount to be
108.3 applied to the payment of the costs of issuing the bonds; and (3) \$2,000,000 for the project
108.4 listed in subdivision 2, clause (3), plus an amount to be applied to the payment of the costs
108.5 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
108.6 city of Edina, including the tax authorized under subdivision 1. The issuance of bonds under
108.7 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

108.8 (b) The bonds are not included in computing any debt limitation applicable to the city
108.9 of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
108.10 and interest on the bonds is not subject to any levy limitation. A separate election to approve
108.11 the bonds under Minnesota Statutes, section 475.58, is not required.

108.12 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
108.13 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
108.14 after the tax is first imposed, or (2) when the city council determines that the amount received
108.15 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
108.16 projects approved by voters as required under Minnesota Statutes, section 297A.99,
108.17 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
108.18 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
108.19 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
108.20 any funds remaining after payment of the allowed costs due to the timing of the termination
108.21 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the
108.22 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
108.23 if the city so determines by ordinance.

108.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
108.25 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,
108.26 subdivisions 2 and 3.

108.27 Sec. 6. **CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

108.28 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,
108.29 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
108.30 the city of Fergus Falls may, if approved by the voters at a general election as required under
108.31 Minnesota Statutes, section 297A.99, subdivision 3, impose, by ordinance, a sales and use
108.32 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
108.33 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
108.34 imposition, administration, collection, and enforcement of the tax authorized under this

109.1 subdivision. The tax imposed under this subdivision is in addition to any local sales and
109.2 use tax imposed under any other special law.

109.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
109.4 under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting
109.5 and administering the tax and for the following projects in the city, including securing and
109.6 paying debt service, on bonds issued to finance all or part of the following projects:

109.7 (1) \$7,800,000 for an aquatics center; and

109.8 (2) \$5,200,000 for the DeLagoon Improvement Project.

109.9 Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under
109.10 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
109.11 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
109.12 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
109.13 issued under this subdivision may not exceed:

109.14 (1) \$7,800,000 for the project listed in subdivision 2, clause (1), plus an amount needed
109.15 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
109.16 the bonds; and

109.17 (2) \$5,200,000 for the project listed in subdivision 2, clause (3), plus an amount needed
109.18 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
109.19 the bonds.

109.20 (b) The bonds may be paid from or secured by any funds available to the city of Fergus
109.21 Falls, including the tax authorized under subdivision 1. The issuance of bonds under this
109.22 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

109.23 (c) The bonds are not included in computing any debt limitation applicable to the city
109.24 of Fergus Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
109.25 principal and interest on the bonds is not subject to any levy limitation. A separate election
109.26 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

109.27 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
109.28 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) December
109.29 1, 2039, or (2) when the city council determines that the amount received from the tax is
109.30 sufficient to pay for the project costs authorized under subdivision 2 for projects approved
109.31 by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph
109.32 (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized
109.33 under subdivision 3, including interest on the bonds. Except as otherwise provided in

110.1 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
110.2 after payment of the allowed costs due to the timing of the termination of the tax under
110.3 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
110.4 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
110.5 determines by ordinance.

110.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
110.7 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section
110.8 645.021, subdivisions 2 and 3.

110.9 Sec. 7. **CITY OF HERMANTOWN; TAXES AUTHORIZED.**

110.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
110.11 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
110.12 and if approved by the voters at a general election as required under Minnesota Statutes,
110.13 section 297A.99, subdivision 3, the city of Hermantown may impose by ordinance a sales
110.14 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
110.15 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
110.16 govern the imposition, administration, collection, and enforcement of the tax authorized
110.17 under this subdivision. The tax imposed under this subdivision is in addition to any local
110.18 sales and use tax imposed under any other special law.

110.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
110.20 under subdivision 1 must be used by the city of Hermantown to pay the costs of collecting
110.21 and administering the tax and for up to \$28,000,000 for costs related to a Community
110.22 Recreational Initiative, which includes: an addition of a second ice sheet with locker rooms
110.23 and other facilities and upgrades to the Hermantown Hockey Arena; improvements and
110.24 upgrades to Fichtner Park; and construction of the Hermantown-Proctor trail running from
110.25 the Essentia Wellness Center to the border with Proctor and eventually connecting to the
110.26 Munger Trail.

110.27 Subd. 3. **Bonding authority.** (a) The city of Hermantown may issue bonds under
110.28 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
110.29 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
110.30 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
110.31 issued under this subdivision may not exceed \$28,000,000 for the project listed in subdivision
110.32 2 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds
110.33 may be paid from or secured by any funds available to the city of Hermantown, including

111.1 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
111.2 subject to Minnesota Statutes, sections 275.60 and 275.61.

111.3 (b) The bonds are not included in computing any debt limitation applicable to the city
111.4 of Hermantown, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
111.5 principal and interest on the bonds is not subject to any levy limitation. A separate election
111.6 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

111.7 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
111.8 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
111.9 after being first imposed, or (2) when the city council determines that the amount received
111.10 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
111.11 project approved by voters as required under Minnesota Statutes, section 297A.99,
111.12 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
111.13 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
111.14 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
111.15 any funds remaining after payment of the allowed costs due to the timing of the termination
111.16 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
111.17 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
111.18 if the city so determines by ordinance.

111.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
111.20 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section
111.21 645.021, subdivisions 2 and 3.

111.22 Sec. 8. **ITASCA COUNTY; TAXES AUTHORIZED.**

111.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
111.24 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance and if approved
111.25 by the voters at a general election as required under Minnesota Statutes, section 297A.99,
111.26 subdivision 3, Itasca County may impose by ordinance a sales and use tax of one percent
111.27 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
111.28 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
111.29 collection, and enforcement of the tax authorized under this subdivision.

111.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
111.31 under subdivision 1 must be used by Itasca County to pay the costs of collecting and
111.32 administering the tax and paying for up to \$75,000,000 for new construction of or upgrades
111.33 to correctional facilities, new construction of or upgrades to court facilities including ancillary

112.1 support accommodations, and new construction of or upgrades to county offices, plus an
112.2 amount needed for securing and paying debt service on bonds issued for the project.

112.3 Subd. 3. **Bonding authority.** (a) Itasca County may issue bonds under Minnesota Statutes,
112.4 chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate
112.5 principal amount of bonds issued under this subdivision may not exceed \$75,000,000 for
112.6 the project listed in subdivision 2, plus an amount to be applied to the payment of the costs
112.7 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
112.8 county, including the tax authorized under subdivision 1. The issuance of bonds under this
112.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

112.10 (b) The bonds are not included in computing any debt limitation applicable to the county,
112.11 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
112.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
112.13 under Minnesota Statutes, section 475.58, is not required.

112.14 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
112.15 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years
112.16 after the tax is first imposed, or (2) when the county board determines that the amount
112.17 received from the tax is sufficient to pay \$75,000,000 in project costs authorized under
112.18 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
112.19 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided
112.20 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
112.21 after payment of the allowed costs due to the timing of the termination of the tax under
112.22 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
112.23 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county
112.24 so determines by ordinance.

112.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of Itasca
112.26 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
112.27 subdivisions 2 and 3.

112.28 Sec. 9. **CITY OF LITCHFIELD; TAXES AUTHORIZED.**

112.29 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
112.30 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
112.31 and if approved by the voters at a general election as required under Minnesota Statutes,
112.32 section 297A.99, subdivision 3, the city of Litchfield may impose by ordinance a sales and
112.33 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
112.34 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,

113.1 govern the imposition, administration, collection, and enforcement of the tax authorized
113.2 under this subdivision. The tax imposed under this subdivision is in addition to any local
113.3 sales and use tax imposed under any other special law.

113.4 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
113.5 under subdivision 1 must be used by the city of Litchfield to pay the costs of collecting and
113.6 administering the tax and for up to \$10,000,000 for the cost of constructing a community
113.7 wellness/recreation center that will include a gymnasium and general fitness spaces, a
113.8 dedicated walking section, a community room, and any locker rooms and mechanical
113.9 equipment needed for future additions to the facility.

113.10 Subd. 3. **Bonding authority.** (a) The city of Litchfield may issue bonds under Minnesota
113.11 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
113.12 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
113.13 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
113.14 under this subdivision may not exceed \$10,000,000 for the project listed in subdivision 2
113.15 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds
113.16 may be paid from or secured by any funds available to the city of Litchfield, including the
113.17 tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
113.18 subject to Minnesota Statutes, sections 275.60 and 275.61.

113.19 (b) The bonds are not included in computing any debt limitation applicable to the city
113.20 of Litchfield and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
113.21 and interest on the bonds is not subject to any levy limitation. A separate election to approve
113.22 the bonds under Minnesota Statutes, section 475.58, is not required.

113.23 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
113.24 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
113.25 after being first imposed, or (2) when the city council determines that the amount received
113.26 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
113.27 projects approved by voters as required under Minnesota Statutes, section 297A.99,
113.28 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
113.29 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
113.30 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
113.31 any funds remaining after payment of the allowed costs due to the timing of the termination
113.32 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
113.33 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
113.34 if the city so determines by ordinance.

114.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
114.2 city of Litchfield and its chief clerical officer comply with Minnesota Statutes, section
114.3 645.021, subdivisions 2 and 3.

114.4 Sec. 10. **CITY OF LITTLE FALLS; TAXES AUTHORIZED.**

114.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
114.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
114.7 and if approved by the voters at a general election as required under Minnesota Statutes,
114.8 section 297A.99, subdivision 3, the city of Little Falls may impose by ordinance a sales and
114.9 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
114.10 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
114.11 govern the imposition, administration, collection, and enforcement of the tax authorized
114.12 under this subdivision. The tax imposed under this subdivision is in addition to any local
114.13 sales and use tax imposed under any other special law.

114.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
114.15 under subdivision 1 must be used by the city of Little Falls to pay the costs of collecting
114.16 and administering the tax and for up to \$17 million for the cost of constructing a community
114.17 recreational facility that includes a gymnasium with an indoor track, multipurpose rooms
114.18 for meeting and educational spaces, office and storage space, and outdoor recreational
114.19 facilities for aquatic recreation with a master plan to incorporate future additions to the
114.20 facility.

114.21 Subd. 3. **Bonding authority.** (a) The city of Little Falls may issue bonds under Minnesota
114.22 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
114.23 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
114.24 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
114.25 under this subdivision may not exceed \$17,000,000 for the project listed in subdivision 2
114.26 plus an amount needed to pay capitalized interest and an amount to be applied to the payment
114.27 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
114.28 available to the city of Little Falls, including the tax authorized under subdivision 1. The
114.29 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60
114.30 and 275.61.

114.31 (b) The bonds are not included in computing any debt limitation applicable to the city
114.32 of Little Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
114.33 principal and interest on the bonds is not subject to any levy limitation. A separate election
114.34 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

115.1 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
115.2 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years
115.3 after being first imposed, or (2) when the city council determines that the amount received
115.4 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
115.5 project if approved by voters as required under Minnesota Statutes, section 297A.99,
115.6 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
115.7 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
115.8 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
115.9 any funds remaining after payment of the allowed costs due to the timing of the termination
115.10 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
115.11 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
115.12 if the city so determines by ordinance.

115.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
115.14 city of Little Falls and its chief clerical officer comply with Minnesota Statutes, section
115.15 645.021, subdivisions 2 and 3.

115.16 Sec. 11. **COUNTY OF MILLE LACS; LOCAL SALES AND USE TAX**
115.17 **AUTHORIZED.**

115.18 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
115.19 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
115.20 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Mille Lacs
115.21 County may impose by ordinance a sales and use tax of one-half of one percent for the
115.22 purposes specified in subdivision 2. Except as otherwise provided in this section, the
115.23 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
115.24 collection, and enforcement of the tax authorized under this subdivision.

115.25 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
115.26 under subdivision 1 must be used by Mille Lacs County to pay the costs of collecting and
115.27 administering the tax, and to finance up to \$10,000,000 for the construction of a public
115.28 works building in Mille Lacs County, plus an amount needed for securing and paying debt
115.29 service on bonds issued to finance the project.

115.30 Subd. 3. **Bonding authority.** (a) Mille Lacs County may issue bonds under Minnesota
115.31 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
115.32 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
115.33 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
115.34 under this subdivision may not exceed \$10,000,000, plus an amount applied to the payment

116.1 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
116.2 available to the county, including the tax authorized under subdivision 1. The issuance of
116.3 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
116.4 275.61.

116.5 (b) The bonds are not included in computing any debt limitation applicable to the county.
116.6 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
116.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
116.8 under Minnesota Statutes, section 475.58, is not required.

116.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
116.10 earlier of: (1) eight years after the tax is first imposed; or (2) when the county board
116.11 determines that the amount received from the tax is sufficient to pay for the project costs
116.12 authorized under subdivision 2 for the project approved by voters as required under
116.13 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient
116.14 to pay the costs related to issuance of any bonds authorized under subdivision 3, including
116.15 interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99,
116.16 subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the
116.17 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision
116.18 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1
116.19 may expire at an earlier time if the county so determines by ordinance.

116.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of Mille
116.21 Lacs County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
116.22 subdivisions 2 and 3.

116.23 Sec. 12. **CITY OF MOORHEAD; LOCAL SALES AND USE TAX AUTHORIZED.**

116.24 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
116.25 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
116.26 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
116.27 the city of Moorhead may impose by ordinance a sales and use tax of one-half of one percent
116.28 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
116.29 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
116.30 collection, and enforcement of the tax authorized under this subdivision.

116.31 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
116.32 under subdivision 1 must be used by the city of Moorhead to pay the costs of collecting and
116.33 administering the tax, and to finance up to \$31,590,000 for the construction of a regional

117.1 library and community center in the city of Moorhead, plus an amount needed for securing
117.2 and paying debt service on bonds issued to finance the project.

117.3 Subd. 3. **Bonding authority.** (a) The city of Moorhead may issue bonds under Minnesota
117.4 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
117.5 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
117.6 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
117.7 under this subdivision may not exceed \$31,590,000, plus an amount applied to the payment
117.8 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
117.9 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
117.10 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

117.11 (b) The bonds are not included in computing any debt limitation applicable to the city.
117.12 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
117.13 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
117.14 under Minnesota Statutes, section 475.58, is not required.

117.15 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
117.16 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
117.17 that the amount received from the tax is sufficient to pay for the project costs authorized
117.18 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
117.19 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
117.20 related to issuance of any bonds authorized under subdivision 3, including interest on the
117.21 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
117.22 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
117.23 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
117.24 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
117.25 at an earlier time if the city so determines by ordinance.

117.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
117.27 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section
117.28 645.021, subdivisions 2 and 3.

117.29 Sec. 13. **CITY OF OAKDALE; TAX AUTHORIZED.**

117.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
117.31 section 477A.016, or any other ordinance or city charter, and if approved by the voters at
117.32 a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
117.33 the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent
117.34 for the purposes specified in subdivision 2. Except as otherwise provided in this section,

118.1 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
118.2 collection, and enforcement of the tax authorized under this subdivision.

118.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
118.4 under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and
118.5 administering the tax and paying for the following projects in the city, including securing
118.6 and paying debt service on bonds issued to finance all or part of the following projects:

118.7 (1) \$22,000,000 plus associated bonding costs for construction of a new public works
118.8 facility; and

118.9 (2) \$15,000,000 plus associated bonding costs for construction and rehabilitation, and
118.10 associated building costs of the police department facility.

118.11 Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota
118.12 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
118.13 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
118.14 not exceed: (1) \$22,000,000 for the project listed in subdivision 2, clause (1), plus an amount
118.15 applied to the payment of costs of issuing the bonds; and (2) \$15,000,000 for the projects
118.16 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing
118.17 the bonds. The bonds may be paid from or secured by any funds available to the city of
118.18 Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under
118.19 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

118.20 (b) The bonds are not included in computing any debt limitation applicable to the city.
118.21 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
118.22 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
118.23 under Minnesota Statutes, section 475.58, is not required.

118.24 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
118.25 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
118.26 that the city has received from this tax \$37,000,000 to fund the projects listed in subdivision
118.27 2 plus an amount sufficient to pay costs related to the issuance of the bonds authorized in
118.28 subdivision 3. Except as otherwise provided under Minnesota Statutes, section 297A.99,
118.29 subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due
118.30 to timing of the termination under Minnesota Statutes, section 297A.99, shall be placed in
118.31 the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time
118.32 if the city so determines by ordinance.

119.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
119.2 city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021,
119.3 subdivisions 2 and 3.

119.4 Sec. 14. **CITY OF ST. CLOUD; TAX AUTHORIZED.**

119.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
119.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
119.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
119.8 the city of St. Cloud may impose, by ordinance, a sales and use tax of one-half of one percent
119.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
119.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
119.11 collection, and enforcement of the tax authorized under this subdivision.

119.12 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
119.13 under subdivision 1 must be used by the city of St. Cloud to pay the costs of collecting and
119.14 administering the tax and paying for the following projects in the city, including securing
119.15 and paying debt service on bonds issued to finance all or part of the following projects:

119.16 (1) \$21,600,000 plus associated bonding costs for multimodal transportation and utility
119.17 improvements to East St. Germain Street, Lincoln Avenue, and 4th Street SE;

119.18 (2) \$12,500,000 plus associated bonding costs for multimodal transportation and utility
119.19 improvements on Heatherwood Road from Clearwater Road to Opportunity Drive;

119.20 (3) \$23,000,000 plus associated bonding costs for multimodal transportation and utility
119.21 improvements for a primary gateway for regional access to St. Cloud State University;

119.22 (4) \$24,000,000 plus associated bonding costs for multimodal transportation and utility
119.23 improvements for a regional gateway to St. Cloud's central business district; and

119.24 (5) \$21,100,000 plus associated bonding costs for expansion and improvement of St.
119.25 Cloud's Municipal Athletic Complex.

119.26 Subd. 3. **Bonding authority.** (a) The city of St. Cloud may issue bonds under Minnesota
119.27 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
119.28 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
119.29 not exceed: (1) \$21,600,000 for the project listed in subdivision 2, clause (1), plus an amount
119.30 applied to the payment of costs of issuing the bonds; (2) \$12,500,000 for the projects listed
119.31 in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing the
119.32 bonds; (3) \$23,000,000 for the project listed in subdivision 2, clause (3), plus an amount
119.33 applied to the payment of costs of issuing the bonds; (4) \$24,000,000 for the project listed

120.1 in subdivision 2, clause (4), plus an amount applied to the payment of costs of issuing the
120.2 bonds; and (5) \$21,100,000 for the project listed in subdivision 2, clause (5), plus an amount
120.3 applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured
120.4 by any funds available to the city of St. Cloud, including the tax authorized under subdivision
120.5 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections
120.6 275.60 and 275.61.

120.7 (b) The bonds are not included in computing any debt limitation applicable to the city.
120.8 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
120.9 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
120.10 under Minnesota Statutes, section 475.58, is not required.

120.11 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
120.12 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
120.13 that the amount received from the tax is sufficient to pay for the project costs authorized
120.14 under subdivision 2, for the projects approved by the voters as required under Minnesota
120.15 Statutes, section 297A.99, subdivision 3, plus an amount sufficient to pay costs, including
120.16 interest costs, related to the issuance of the bonds authorized in subdivision 3. Any funds
120.17 remaining after payment of the allowed costs due to timing of the termination under
120.18 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax
120.19 imposed under subdivision 1 may expire at an earlier time if the city so determines by
120.20 ordinance.

120.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
120.22 city of St. Cloud and its chief clerical officer comply with Minnesota Statutes, section
120.23 645.021, subdivisions 2 and 3.

120.24 Sec. 15. **CITY OF ST. PETER; TAXES AUTHORIZED.**

120.25 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
120.26 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
120.27 and if approved by the voters at a general election as required under Minnesota Statutes,
120.28 section 297A.99, subdivision 3, the city of St. Peter may impose by ordinance a sales and
120.29 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
120.30 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
120.31 govern the imposition, administration, collection, and enforcement of the tax authorized
120.32 under this subdivision.

120.33 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
120.34 under subdivision 1 must be used by the city of St. Peter to pay the costs of collecting and

121.1 administering the tax and paying for up to \$9,121,000 for construction of a new fire station,
121.2 plus an amount needed for securing and paying debt service on bonds issued to finance the
121.3 project.

121.4 Subd. 3. **Bonding authority.** (a) The city of St. Peter may issue bonds under Minnesota
121.5 Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The
121.6 aggregate principal amount of bonds issued under this subdivision may not exceed \$9,121,000
121.7 for the project listed in subdivision 2, plus an amount to be applied to the payment of the
121.8 costs of issuing the bonds. The bonds may be paid from or secured by any funds available
121.9 to the city of St. Peter, including the tax authorized under subdivision 1. The issuance of
121.10 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
121.11 275.61.

121.12 (b) The bonds are not included in computing any debt limitation applicable to the city
121.13 of St. Peter; and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
121.14 and interest on the bonds is not subject to any levy limitation. A separate election to approve
121.15 the bonds under Minnesota Statutes, section 475.58, is not required.

121.16 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
121.17 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 40 years
121.18 after the tax is first imposed, or (2) when the city council determines that the amount received
121.19 from the tax is sufficient to pay for the \$9,121,000 in project costs authorized under
121.20 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
121.21 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided
121.22 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
121.23 after payment of the allowed costs due to the timing of the termination of the tax under
121.24 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
121.25 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
121.26 determines by ordinance.

121.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
121.28 city of St. Peter and its chief clerical officer comply with Minnesota Statutes, section 645.021,
121.29 subdivisions 2 and 3.

121.30 Sec. 16. **CITY OF STAPLES; LOCAL SALES AND USE TAX AUTHORIZED.**

121.31 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
121.32 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
121.33 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
121.34 the city of Staples may impose by ordinance a sales and use tax of one-half of one percent

122.1 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
122.2 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
122.3 collection, and enforcement of the tax authorized under this subdivision.

122.4 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
122.5 under subdivision 1 must be used by the city of Staples to pay the costs of collecting and
122.6 administering the tax, and to finance up to \$1,600,000 for the renovation of the Staples
122.7 Community Center, plus an amount needed for securing and paying debt service on bonds
122.8 issued to finance the project.

122.9 Subd. 3. **Bonding authority.** (a) The city of Staples may issue bonds under Minnesota
122.10 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
122.11 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
122.12 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
122.13 under this subdivision may not exceed \$1,600,000, plus an amount applied to the payment
122.14 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
122.15 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
122.16 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

122.17 (b) The bonds are not included in computing any debt limitation applicable to the city.
122.18 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
122.19 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
122.20 under Minnesota Statutes, section 475.58, is not required.

122.21 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
122.22 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
122.23 that the amount received from the tax is sufficient to pay for the project costs authorized
122.24 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
122.25 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
122.26 related to issuance of any bonds authorized under subdivision 3, including interest on the
122.27 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
122.28 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
122.29 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
122.30 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
122.31 at an earlier time if the city so determines by ordinance.

122.32 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
122.33 city of Staples and its chief clerical officer comply with Minnesota Statutes, section 645.021,
122.34 subdivisions 2 and 3.

123.1 **Sec. 17. CITY OF WADENA; TAX AUTHORIZED.**

123.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
123.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
123.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
123.5 the city of Wadena may impose, by ordinance, a sales and use tax of one-quarter of one
123.6 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
123.7 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
123.8 administration, collection, and enforcement of the tax authorized under this subdivision.

123.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
123.10 under subdivision 1 must be used by the city of Wadena to pay the costs of collecting and
123.11 administering the tax and to finance up to \$3,000,000, plus associated bonding costs including
123.12 securing and paying debt service on bonds issued, for the Wadena Library Rehabilitation
123.13 Project.

123.14 **Subd. 3. Bonding authority.** (a) The city of Wadena may issue bonds under Minnesota
123.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
123.16 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
123.17 not exceed \$3,000,000, plus an amount applied to the payment of costs of issuing the bonds.
123.18 The bonds may be paid from or secured by any funds available to the city of Wadena,
123.19 including the tax authorized under subdivision 1. The issuance of bonds under this
123.20 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

123.21 (b) The bonds are not included in computing any debt limitation applicable to the city.
123.22 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
123.23 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
123.24 under Minnesota Statutes, section 475.58, is not required.

123.25 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the
123.26 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
123.27 that the amount received from the tax is sufficient to pay for the project costs authorized
123.28 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
123.29 section 297A.99, subdivision 3, plus an amount sufficient to pay costs, including interest
123.30 costs, related to the issuance of the bonds authorized in subdivision 3. Any funds remaining
123.31 after payment of the allowed costs due to timing of the termination under Minnesota Statutes,
123.32 section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision
123.33 1 may expire at an earlier time if the city so determines by ordinance.

124.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
124.2 city of Wadena and its chief clerical officer comply with Minnesota Statutes, section 645.021,
124.3 subdivisions 2 and 3.

124.4 Sec. 18. **CITY OF WAITE PARK; TAXES AUTHORIZED.**

124.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
124.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
124.7 and if approved by the voters at a general election as required under Minnesota Statutes,
124.8 section 297A.99, subdivision 3, the city of Waite Park may impose by ordinance a sales
124.9 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
124.10 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
124.11 govern the imposition, administration, collection, and enforcement of the tax authorized
124.12 under this subdivision. The tax imposed under this subdivision is in addition to any local
124.13 sales and use tax imposed under any other special law.

124.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
124.15 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting
124.16 and administering the tax and for the following projects in the city, including securing and
124.17 paying debt service on bonds issued to finance all or part of the following projects:

124.18 (1) up to \$10,000,000 plus associated bonding costs for the 10th Avenue regional corridor
124.19 project;

124.20 (2) up to \$7,500,000 plus associated bonding costs for regional trail connections; and

124.21 (3) up to \$20,000,000 plus associated bonding costs for construction and equipping of
124.22 a public safety facility.

124.23 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota
124.24 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
124.25 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
124.26 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
124.27 under this subdivision may not exceed:

124.28 (1) \$10,000,000 for the project listed in subdivision 2, clause (1), plus an amount needed
124.29 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
124.30 the bonds;

124.31 (2) \$7,500,000 for the project listed in subdivision 2, clause (2), plus an amount needed
124.32 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
124.33 the bonds; and

125.1 (3) \$20,000,000 for the project listed in subdivision 2, clause (3), plus an amount needed
125.2 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
125.3 the bonds.

125.4 The bonds may be paid from or secured by any funds available to the city of Waite Park,
125.5 including the tax authorized under subdivision 1. The issuance of bonds under this
125.6 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

125.7 (b) The bonds are not included in computing any debt limitation applicable to the city
125.8 of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
125.9 principal and interest on the bonds is not subject to any levy limitation. A separate election
125.10 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

125.11 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
125.12 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 25 years
125.13 after the tax is first imposed, or (2) when the city council determines that the amount received
125.14 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
125.15 projects approved by voters as required under Minnesota Statutes, section 297A.99,
125.16 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
125.17 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
125.18 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
125.19 any funds remaining after payment of the allowed costs due to the timing of the termination
125.20 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
125.21 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
125.22 if the city so determines by ordinance.

125.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
125.24 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section
125.25 645.021, subdivisions 2 and 3.

125.26 Sec. 19. **CITY OF WARREN; LOCAL SALES AND USE TAX AUTHORIZED.**

125.27 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
125.28 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
125.29 election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of
125.30 Warren may impose by ordinance a sales and use tax of one-half of one percent for the
125.31 purposes specified in subdivision 2. Except as otherwise provided in this section, the
125.32 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
125.33 collection, and enforcement of the tax authorized under this subdivision. The tax imposed

126.1 under this subdivision is in addition to any local sales and use tax imposed under current
126.2 law.

126.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
126.4 under subdivision 1 must be used by the city of Warren to pay the costs of collecting and
126.5 administering the tax, and to finance up to \$1,600,000 for the construction of a new child
126.6 care facility. Authorized costs include related parking, design, and construction costs, as
126.7 well as payment of debt service on bonds issued to finance the project listed in this
126.8 subdivision.

126.9 Subd. 3. **Bonding authority.** (a) The city of Warren may issue bonds under Minnesota
126.10 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
126.11 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
126.12 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
126.13 under this subdivision may not exceed \$1,600,000, plus an amount needed to pay capitalized
126.14 interest and an amount to be applied to the payment of the costs of issuing the bonds. The
126.15 bonds may be paid from or secured by any funds available to the city, including the tax
126.16 authorized under subdivision 1. The issuance of bonds under this subdivision is not subject
126.17 to Minnesota Statutes, sections 275.60 and 275.61.

126.18 (b) The bonds are not included in computing any debt limitation applicable to the city.
126.19 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
126.20 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
126.21 under Minnesota Statutes, section 475.58, is not required.

126.22 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
126.23 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years
126.24 after the tax is first imposed; or (2) when the city council determines that the amount received
126.25 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
126.26 project approved by voters as required under Minnesota Statutes, section 297A.99,
126.27 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
126.28 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
126.29 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
126.30 any funds remaining after payment of allowed costs due to the timing of the termination of
126.31 the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
126.32 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
126.33 if the city so determines by ordinance.

127.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
127.2 city of Warren and its chief clerical officer comply with Minnesota Statutes, section 645.021,
127.3 subdivisions 2 and 3.

127.4 **ARTICLE 9**
127.5 **MISCELLANEOUS**

127.6 Section 1. Minnesota Statutes 2020, section 270A.04, is amended by adding a subdivision
127.7 to read:

127.8 **Subd. 5. Private nonprofit hospital.** A private nonprofit hospital that leases its building
127.9 from the county or city in which it is located must annually provide the commissioner with
127.10 a copy of the lease agreement.

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

127.12 Sec. 2. Minnesota Statutes 2020, section 270B.13, is amended by adding a subdivision to
127.13 read:

127.14 **Subd. 3. Background check; access to federal tax information.** An individual
127.15 performing services for an independent contractor or a vendor under subdivision 1 who has
127.16 or will have access to federal tax information is subject to the requirements of section
127.17 299C.76.

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

127.19 Sec. 3. **[270C.075] PRIVATE LETTER RULINGS.**

127.20 **Subdivision 1. Program established.** By January 1, 2022, the commissioner shall, by
127.21 administrative rule adopted under chapter 14, establish and implement a program for issuing
127.22 private letter rulings to taxpayers to provide guidance as to how the commissioner will apply
127.23 Minnesota tax law to a specific transaction or proposed transaction, arrangement, or other
127.24 fact situation of the applying taxpayer. The commissioner must include in each ruling an
127.25 explanation of the reasoning for the determination. In establishing the terms of the program,
127.26 the commissioner may provide that rulings will not be issued in specified subject areas, for
127.27 categories of transactions, or under specified provisions of law, if the commissioner
127.28 determines doing so is in the best interests of the state and sound tax administration. The
127.29 program must include a process for the representative of a taxpayer to apply for a private
127.30 letter ruling and to communicate with the commissioner regarding the requested ruling.

128.1 Subd. 2. **Application procedure; fees.** (a) The commissioner shall establish an
128.2 application procedure and forms for a taxpayer or the taxpayer's appointed representative
128.3 to request a private letter ruling. The commissioner may require the taxpayer to provide any
128.4 supporting factual information and certifications that the commissioner determines necessary
128.5 or appropriate to issue a private letter ruling. The requirements may vary based on the type
128.6 of ruling requested.

128.7 (b) The commissioner may, in the administrative rule, establish a fee schedule to recover
128.8 the department's actual cost of preparing private letter rulings. The maximum fee per private
128.9 letter ruling is \$..... The commissioner may require the applicant to pay the required fee
128.10 for a private letter ruling before the application is considered. If the administrative rule
128.11 provides for payment of a fee as a condition for providing a private letter ruling, the rule
128.12 must provide a fee structure that varies the amount of the fee by the complexity of the request
128.13 or the number and type of issues or both.

128.14 (c) If the commissioner fails to issue a ruling to the taxpayer within 90 days after the
128.15 taxpayer's filing of a completed application, the commissioner must refund the application
128.16 fee to the taxpayer; however, the commissioner must issue a private letter ruling unless the
128.17 taxpayer withdraws the request.

128.18 (d) Any fees collected under this section must be deposited in the Revenue Department
128.19 service and recovery special revenue fund established under section 270C.15, and are
128.20 appropriated to the commissioner to offset the cost of issuing private letter rulings and
128.21 related administrative costs.

128.22 Subd. 3. **Effect.** (a) A private letter ruling is binding on the commissioner with respect
128.23 to the taxpayer to whom the ruling is issued if:

128.24 (1) there was no misstatement or omission of material facts in the application or other
128.25 information provided to the commissioner;

128.26 (2) the facts that subsequently developed were not materially different from the facts
128.27 upon which the ruling was based;

128.28 (3) the applicable statute, administrative rule, federal law referenced by state law, or
128.29 other relevant law has not changed; and

128.30 (4) the taxpayer acted in good faith in applying for and relying on the ruling.

128.31 (b) Private letter rulings have no precedential effect and may not be relied upon by a
128.32 taxpayer other than as provided in paragraph (a).

129.1 Subd. 4. **Public access.** The commissioner shall make private letter rulings issued under
129.2 this section available to the public on the department's website. The commissioner must
129.3 organize the private letter rulings by tax type and must make them available in a searchable
129.4 format. The published rulings must redact any information that would permit identification
129.5 of the requesting taxpayer.

129.6 Subd. 5. **Legislative report.** (a) By January 31 of each odd-numbered year, the
129.7 commissioner shall report in writing to the legislature the following information for the
129.8 immediately preceding two calendar years:

129.9 (1) the number of applications for private letter rulings;

129.10 (2) the number of private letter rulings issued, including the number issued within the
129.11 90-day time period under subdivision 2, paragraph (c);

129.12 (3) the amount of application fees refunded by tax type;

129.13 (4) the tax types for which rulings were requested;

129.14 (5) the types and characteristics of taxpayers applying for rulings; and

129.15 (6) any other information that the commissioner considers relevant to legislative oversight
129.16 of the private letter ruling program.

129.17 (b) The report must be filed as provided in section 3.195, and copies must be provided
129.18 to the chairs and ranking minority members of the committees of the house of representatives
129.19 and the senate with jurisdiction over taxes and appropriations to the Department of Revenue.

129.20 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
129.21 that the first legislative report under subdivision 5, is due January 31, 2024.

129.22 Sec. 4. **[299C.76] BACKGROUND CHECK; ACCESS TO FEDERAL TAX**
129.23 **INFORMATION.**

129.24 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions
129.25 apply.

129.26 (b) "Federal tax information" means federal tax returns and return information or
129.27 information derived or created from federal tax returns, in possession of or control by the
129.28 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of
129.29 the Internal Revenue Code.

130.1 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that
130.2 provides guidance and requirements for the protection and confidentiality of federal tax
130.3 information as required in section 6103(p)(4) of the Internal Revenue Code.

130.4 (d) "National criminal history record information" means the Federal Bureau of
130.5 Investigation identification records as defined in Code of Federal Regulations, title 28,
130.6 section 20.3(d).

130.7 (e) "Requesting agency" means the Department of Revenue, Department of Employment
130.8 and Economic Development, Department of Human Services, board of directors of MNsure,
130.9 the Office of MN.IT Services, and counties.

130.10 Subd. 2. **National criminal history record information check.** As required by IRS
130.11 Publication 1075, a requesting agency shall require fingerprints for a national criminal
130.12 history record information check from the following individuals who have or will have
130.13 access to federal tax information:

130.14 (1) a current or prospective permanent or temporary employee of the requesting agency;

130.15 (2) an independent contractor or vendor of the requesting agency;

130.16 (3) an employee or agent of an independent contractor or vendor of the requesting agency;

130.17 or

130.18 (4) any other individual authorized to access federal tax information by the requesting
130.19 agency.

130.20 Subd. 3. **Fingerprint submission and written statement of understanding.** An
130.21 individual subject to this section must provide fingerprints and a written statement of
130.22 understanding that the fingerprints will be used for a background check to the requesting
130.23 agency. The requesting agency must submit the fingerprints and written statement of
130.24 understanding, along with the processing fees, to the superintendent of the Bureau of Criminal
130.25 Apprehension. The fingerprints must only be used for the purposes described in this section.

130.26 Subd. 4. **Bureau of Criminal Apprehension requirements.** (a) After the superintendent
130.27 of the Bureau of Criminal Apprehension notifies requesting agencies that the United States
130.28 Attorney General has approved the request for submission under Public Law 92-544, a
130.29 requesting agency may submit information under subdivision 3.

130.30 (b) Upon receipt of the information under subdivision 3, the superintendent of the Bureau
130.31 of Criminal Apprehension must:

130.32 (1) perform a state criminal history record information search;

131.1 (2) exchange the fingerprints to the Federal Bureau of Investigation to facilitate a search
 131.2 of the national criminal history record information;

131.3 (3) compile the results of the state and national criminal history record information
 131.4 searches; and

131.5 (4) provide the results to the requesting agency.

131.6 Subd. 5. **Classification of data.** (a) All data collected, created, received, maintained, or
 131.7 disseminated by the requesting agency under this section is classified as private data on
 131.8 individuals as defined in section 13.02, subdivision 12.

131.9 (b) Notwithstanding any law to the contrary, a requesting agency must not further
 131.10 disseminate the results received under subdivision 4.

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

131.12 Sec. 5. **PURPOSE.**

131.13 It is the intent of the legislature to ensure compliance with section 6103 of the Internal
 131.14 Revenue Code and IRS Publication 1075.

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

131.16 Delete the title and insert:

131.17 "A bill for an act

131.18 relating to financing and operation of state and local government; providing
 131.19 conformity certain federal tax law changes; modifying individual income and
 131.20 corporate franchise taxes, sales and use taxes, partnership taxes, excise taxes,
 131.21 property taxes and tax increment financing; provisions related to local taxes and
 131.22 other miscellaneous taxes and tax provisions; providing for various individual and
 131.23 corporate subtractions to income; modifying certain income tax credits and
 131.24 authorizing new credits; providing for a pass-through entity tax; modifying existing
 131.25 and providing new sales tax exemptions; modifying existing local taxes and
 131.26 authorizing new local taxes; modifying classification provisions related to relative
 131.27 homesteads and class 4d; authorizing fire protection and emergency medical
 131.28 services special taxing districts; modifying the state general tax; establishing a
 131.29 property tax credit; allowing for certain special assessments; modifying property
 131.30 tax and renters' refunds; providing for supplemental aid; requiring a report;
 131.31 amending Minnesota Statutes 2020, sections 16A.152, subdivision 2; 116J.8737,
 131.32 subdivision 5; 144F.01; 270A.04, by adding a subdivision; 270B.13, by adding a
 131.33 subdivision; 270C.445, subdivision 6; 273.124, subdivisions 1, 9, 13; 273.128,
 131.34 subdivision 2, by adding subdivisions; 273.13, subdivisions 25, 34; 273.1392;
 131.35 273.1393; 275.025, subdivisions 1, 2; 275.065, subdivision 3; 275.066; 276.04,
 131.36 subdivision 2; 289A.08, by adding a subdivision; 289A.20, subdivision 4; 289A.31,
 131.37 subdivision 1; 289A.37, subdivision 2; 289A.38, subdivisions 7, 8, 9, 10; 289A.42;
 131.38 289A.60, subdivision 24; 290.0132, subdivision 4, by adding subdivisions; 290.06,
 131.39 subdivision 22, by adding a subdivision; 290.0674, subdivision 2; 290.0681,
 131.40 subdivisions 3, 4, 10, by adding a subdivision; 290.31, subdivision 1; 290.92,
 131.41 subdivisions 4b, 4c; 290A.03, subdivision 3; 290C.10; 297A.70, subdivision 13;
 131.42 297A.71, by adding a subdivision; 297A.75, subdivisions 1, 2, 3; 297A.993,

132.1 subdivision 2; 297F.10, subdivision 1; 297F.17, subdivision 6; 297G.16, subdivision
132.2 7; 297I.20, by adding a subdivision; 429.021, subdivision 1; 429.031, subdivision
132.3 3; 453A.04, subdivision 21, by adding a subdivision; 465.71; 469.319, subdivision
132.4 4; 475.56; 475.58, subdivision 3b; 475.60, subdivision 1; 475.67, subdivision 8;
132.5 Laws 2019, First Special Session chapter 6, article 6, section 27; proposing coding
132.6 for new law in Minnesota Statutes, chapters 270C; 273; 289A; 290; 299C; 462A;
132.7 repealing Minnesota Statutes 2020, section 469.055, subdivision 7."